

BEARINGS FROM POLAND

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NEWS SUMMARY

BUSINESS

Equities fall again; Gold down \$4 1/2

Equity leaders needed for the sixth day running, and the FT Ordinary share index fell 5.2 to 475.3, making a loss over the account of 26.1.

GILTS suffered renewed selling on fears of an increase in short-term interest rates. Shorts lost up to 1 1/2 wide loans.

FT GOVERNMENT SECURITIES INDEX

Equities fell again, with the FT Ordinary share index down 5.2 to 475.3. Gold prices fell \$4 1/2 to \$341.25.

cover-up

African security police hide the truth about the death of Steve Biko, the activist who died in detention last week. They claim that they were not involved in his death.

Capital inquiry

Capital inquiry is to be held into the collapse of the City of London's new hospital to be opened on this week by Princess Alexandra following complaints from senior surgeons that there are not enough instruments to go with, and that some are too hot and others not.

w breath-tests

Three new breath-testing machines will be used to test drivers from next month. The machines are more conventional breathalyser type which will give an immediate digital reading on a computer print out of their alcohol level. They will be used to test drivers who are suspected of being drunk.

anger strike

Grain workers' strikers started a hunger strike in a plea from Mr. Lennox-Boyd, the Secretary of State for Agriculture, Fisheries and Food, to end their action. The strikers are protesting against the government's policy of subsidising grain exports.

ror dispute

Management of the Daily Express last night posted dismissals to its London journalists. The dismissals are part of a restructuring plan to save the paper from a projected loss of £3,000 a year.

using ban

England is expected to stop using skyscraper flats to house young children. The government is concerned that the use of such flats is leading to a concentration of young children in certain areas.

liner crashes

40 people aboard a Greek ferry, the BAC 111, survived a crash in the mountains in Argentina. Earlier reports had said that all 79 people on board had died.

Dr. Kenneth G. Green, Archbishop of Canterbury, succeeds the Right Rev. Trillo, Anglican Bishop of Exeter, as chairman of the Council of Churches in England.

West German teacher who refused to teach nuclear energy in his class was killed in a Hamburg school.

FX PRICE CHANGES YESTERDAY

as in pence unless otherwise indicated)	Lloyds Bank	200	- 5
	M/S Electric	173	- 10
	Mothercare	170	- 4
	Osborn (S.)	87	- 10
	Raeal Electronics	210	- 13
	Taylor Woodrow	418	- 7
	Wool	304	- 2
	Unilever	518	- 6
	Vickers	177	- 5
	Wedgwood	305	- 10
	Wills & Trewin	178	- 7
	Wilson Walton	75	- 5
	BP	800	- 6
	Anglo-Vaal	700	- 30
	Bracken	67	- 3
	Cous. Glid. Fida. New.	30m	- 1
	Blendsrand	150	- 7
	Elaburg	102	- 7
	Eartheast	210	- 9
	Selection Trust	373	- 9

LITTLE OF SUBSTANCE FOR SADAT

Emotional farewell

By ROGER MATTHEWS: JERUSALEM, Nov. 21

PRESIDENT Anwar Sadat left Israel on an emotional farewell tour of the West Bank and Gaza Strip, secure in the knowledge of the huge personal success and in the unique quality of his peace initiative, but with everything left for both nations to achieve if stability is to come to the Middle East.

So far, however, President Sadat has not returned with anything visibly substantial from the visit.

His hope expressed to members of the Knesset that the 1973 war should be the last war fought between Egypt and Israel was echoed by Mr. Menahem Begin, Israel's Prime Minister, who said: "During the visit of President Sadat... a momentous agreement was achieved. It is, namely, no more war, no more bloodshed, no more threats, no more collaboration in order to avoid anything which may lead to such developments."

Mr. Begin was invited to pay a return visit to Cairo though this has been postponed. The final communiqué stressed the historic occasion and President Sadat's courage in coming to Israel.

It concluded: "The Government of Israel... proposes that this hopeful step be further pursued through dialogue between the two countries concerned, thereby paving the way towards successful negotiations leading to the signing of peace treaties in Geneva with all the neighbouring Arab states."

The arrangements are understood to have been considered for meetings between senior officials to take place in a third country, possibly Romania which retains friendly relations with Israel and Egypt.

The removal of those barriers between two nations still in a state of war necessarily takes time and the absence of agreement in any areas of substance was only too amply revealed in the signed statement put out by the Israeli Government.

There is inevitable disappointment among some members of the Egyptian party who accompanied Mr. Sadat that Mr. Begin was unable to provide a more immediate and substantial response to the initiative.

They were also saddened by the apparent lack of appreciation shown by other senior members of Government here whom they claimed were unable to comprehend the enormity of the decision by President Sadat to accept Israel's right to exist and to accept any guarantees of security.

The Jerusalem Post warned in an editorial today: "If the (furtive purpose of the Egyptian visit was to force Israel's Premier to show himself as the complete intransigent, Mr. Begin may have been said to have risen to the bait."

It may not be clear for some time whether the visit was a success or a failure.



President Anwar Sadat smilingly waves farewell to Israel before boarding his aircraft for the return journey to Egypt.

Callaghan to underline stance on pay policy

By RICHARD EVANS, LOBBY EDITOR

MR. CALLAGHAN will underline the Government's determination to resist pay demands above the 10 per cent guideline to-morrow—despite the prospect of further industrial unrest in the public sector.

He has chosen to reiterate the Cabinet's uncompromising policy on wages when he addresses the annual conference of the Electrical and Plumbers Trades Union in Blackpool.

Mr. Frank Chapple, general secretary of the union, has already warned that "only a miracle" would stave off a catastrophic strike in the electricity supply industry were the Government to stick rigidly to its 10 per cent figure.

But the Prime Minister, addressing the public and the trade union movement in general rather than the electricians or the firemen specifically, will argue that it is not acceptable for any group to secure advantages through industrial strength or strike action when others are ready to forgo high wage settlements for the national good.

He will tell a largely hostile audience that the Government could not afford to see its economic strategy wrecked by a high wage settlement, and would use all its authority to prevent a wage-setting breakthrough.

The restatement of policy follows signs of increasing sympathy for the firemen among Left-wing Labour MPs, who argue that the Government should show greater flexibility in its handling of the national strike, which is now in its second week.

Tribune Left-wingers, led by Mr. Eric Heffer, MP for Liverpool Walton, decided at Westminster last night to organise a collection for the firemen among Labour MPs. Their target is more than £300.

Earlier Mr. Merlyn Rees, Home Secretary, said that the Government should play a more active role in bringing the strike to an end by treating the firemen as a special case and offering them more money.

Mr. Rees made it clear that the Government had no intention of indemnifying the situation by seeking the use of the firemen's special equipment. He had been advised that it would be unsafe for inexperienced servicemen with minimal training in fire-fighting to be issued with breathing apparatus.

BOC in takeover talks with Airco

By Nicholas Colchester

BOC INTERNATIONAL, the industrial gases producer, was locked yesterday in talks with its U.S. counterpart, Airco, which may lead to the British company taking a controlling holding in Airco.

BOC holds 34 per cent of the Airco equity at present. Trading in Airco shares was halted in New York pending the outcome of these discussions. At their price on Friday night of \$43 a share it would cost BOC International some \$66m (£24m) to raise its Airco stake to 51 per cent.

BOC acquired its stake in Airco at the beginning of 1974, but the way toward closer ties between the two companies was blocked for more than two years by anti-trust action of the U.S. Federal Trade Commission. This obstacle was removed in September, when the trade commission abandoned its efforts in the courts to force BOC to sell its Airco holdings.

Both companies are major suppliers of industrial gases in their respective markets, and are thus in a position to share technology in this business. The two companies are also active in the business of medical and welding equipment. Airco has a substantial involvement in carbon and alloy products.

Lex Back Page

Clark to pay \$26m. for Hanover Shoe in U.S. deal

By JAMES BARTHOLOMEW

C. AND J. CLARK, the sixth biggest U.K. private company, is to buy the assets of a U.S. public company, Hanover Shoe, for about \$26m. C. and J. Clark is the manufacturer of Clark's Shoes and also competes in the High Street with the British Shoe Corporation through Ravel shoes and other outlets.

The finance is being provided by a consortium of banks led by Chase Manhattan. It is in the form of a medium-term Euro-dollar loan for most of the price of Hanover and is unsecured.

Clark has been searching Europe and the U.S. for a business to buy for several years. Hanover has special attractions for Clark. It is similar in that both companies are integrated and take the process through from the animal skin to the retail outlet.

Another advantage is that Clark may ultimately be able to sell some of its shoes through Hanover shops. Clark's already considerable export business amounted to 1m. pairs last year, with the emphasis on U.S. and Canadian markets.

Hanover's product range is quite different from Clark's. Hanover specialises in formal men's shoes, whereas about half of Clark's business is in children's shoes and another third is for women. Thus, the acquisition meets Clark's policy to reduce its dependence on children's shoes.

If the deal goes through, Clark's assets will be increased by 25 per cent, and 2,500 people will be added to its 16,000 workforce. In 1976, Clark made profits of £11.5m. on turnover of £152m.

Its profitability appears to be improving since in the first half this year the pre-tax figure was £5m. against £3.5m. in 1975. The improvement is partly due to the success of new ranges of casual shoes.

The deal is expected to be completed by the end of the year, subject to conditions which include the approval of Hanover shareholders. Yesterday Hanover's shares rose 8 1/2 on the American Stock Exchange to \$17.

Assurances sought from yards which want Polish ships work

By IAN HARGREAVES, SHIPPING CORRESPONDENT

THE CHIEF executive of British Shipbuilders starts a two-day tour of shipyards today. He will demand assurances of improved working practices and good behaviour from unions in return for a share of work on the £135m. order for Poland signed yesterday after almost two years of negotiations.

Mr. Michael Casey shortly before the contract to supply 22 ships and two crane barges to the Poles was signed in London, said the work would be distributed "in accordance with the most efficient industrial strategy we can develop."

The idea is that workers will not only have to promise maximum co-operation, but that during building progress will be monitored and any failures to meet targets punished by switching work to other yards. At certain yards, this would mean the difference between work or redundancy.

Mr. Casey indicated that the allocation of work should be made public within a few days and that his preference is to concentrate the order within a small number of yards in order to achieve maximum efficiency.

of continuous production during the three-year delivery period. The most interesting test of this tough line, which will be advanced in the presence of shipbuilding union leaders during the tour, will be at the Swan Hunter yard on the Tyne, where the Polish shipbuilding deal is being carried out by Mr. Eric Varley, Industry Secretary, and Mr. Tadeusz Zylkowski, Polish Vice-Minister of Foreign Trade and Shipping.

Mr. Varley said the order, providing 8,000 man-hours of work, was vital for the industry and could not have been won without a nationalised corporation as a central negotiating agent. He paid tribute to "the resources and skills of the city in constructing the 100 per cent credit package, but both he and Mr. Casey refused to be drawn on details of financial arrangements.

It is well known that a £28m. subsidy from the Government's shipbuilding intervention fund was used, with 70 per cent of the remaining sum financed by a normal Export Credits Guarantee Department seven-year loan and the remaining 30 per cent, through a British Shipbuilders Eurobond issue over 15 years. The vessels will be sold to a specially-created Anglo-Polish consortium and leased to PZM, the Polish shipping line.

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LOMBARD

Making a book on the Bank

BY ANTHONY HARRIS

The idea that the persistent sickness of Wall Street can be traced to obsessive Fed-watching is a fairly familiar one.

Bull market

Up to now, it has seemed that we could watch the Fed's problems with a certain amount of detachment.

Every bull market comes to an end, however, and we are beginning to see the difficulties that have demoralised Wall Street.

This new world is surveyed in an interesting though somewhat inconclusive bulletin from Greenwells, who speculate on what may happen if the new monetary forces—the authorities rather than the weight of money itself—come to dominate Throgmorton Street as they appear to dominate Wall Street.

Nerve-wracking

A second area of doubt surrounds monetary policy itself. It is all very well for the markets to brace themselves for official action; but how will they react if nothing happens?

FILM AND VIDEO

BY JOHN CHITTOCK

Cassette boom to come

IT TOOK 10 years—until 1964—for annual sales of colour television sets in the U.S. to reach the magic million mark.

The U.S. Merchandising magazine is reported to have recently polled 1,000 consumers of whom 67 per cent. were now familiar with videocassette recorders and 50 per cent. actually considering purchase—these figures comparing with a 37 per cent. and 15 per cent. response respectively last winter.

Expectancy

The boom has yet to reach these shores, but there is a great feeling of expectancy in the wind.

Sophisticated

At one time, Philips were involved in the U.S. with their own VCR system, but lost to Sony the battle for the institutional market and have failed to come back now that consumer interest is aroused.

Current activity in the U.S. clearly shows that the growth of the market is limited only by supply. Suddenly the TV-viewing public wants these machines.

Differential

One man who should know, with experience of all the technologies and markets involved, is Mr. Donald MacLean, managing director of EMI Audio-Visual Services.

Bianca Jagger buys picture of husband

PROBABLY THE most interesting monograph on grouse by Elliot for sale in London yesterday was at Sotheby's.

SALEROOM

BY ANTONY THORNCROFT

An active buyer was Bianca Jagger, who paid £200 for a picture of her husband Mick and £110 for a Nureyev portrait.

Jack's Flutter for Bass Specie

A SMALL but select field consisted of Tom Morgan, Flashy Boy, Even Melody, Lucius, The Fenner and Jack's Flutter.

camera talks
A series on HEALTH & SAFETY IN THE OFFICE

Radio

- BBC 1
9.38 a.m. For Schools, Colleges.
12.45 p.m. News. 1.00 Pebble Mill.

- Galore. 3.55-6.20 Wales To-day.
6.40 Heddin. 7.10 Pobol Y Cwm (second period). 7.40-8.30 The Oregon Trail.

- HTV
1.20 p.m. Report West Headlines. 1.25 Report Wales Crossroads. 1.30 Homespun.

Sponsored by the Financial Times, The Institute of Chartered Accountants in England and Wales and International Computers Limited

F.T. CROSSWORD PUZZLE No. 3,525

Crossword puzzle grid with numbers 1-25 and letters A-Z.

- ACROSS
1 Sailors pulling with absence of mind (11)
2 & 28 Favourite lettuce planted (6)

- ATV
1.20 p.m. ATV Newsdesk. 5.15 Mediterranean Venture. 6.00 ATV Today.

- RADIO 1
6.00 p.m. As Radio 2. 7.02 Noel Edmonds. 7.15 Saturday Night Takeaway.

- ATV
1.20 p.m. ATV Newsdesk. 5.15 Mediterranean Venture. 6.00 ATV Today.

- RADIO 2
6.00 a.m. News Summary. 6.02 Colin Berry with The Easy Option. 6.15 Patrice for Thought.

National Management Game 1978
Entry lists are now open for teams wishing to compete in the 1978 National Management Game—the annual championship which provides management training by simulating a boardroom environment.

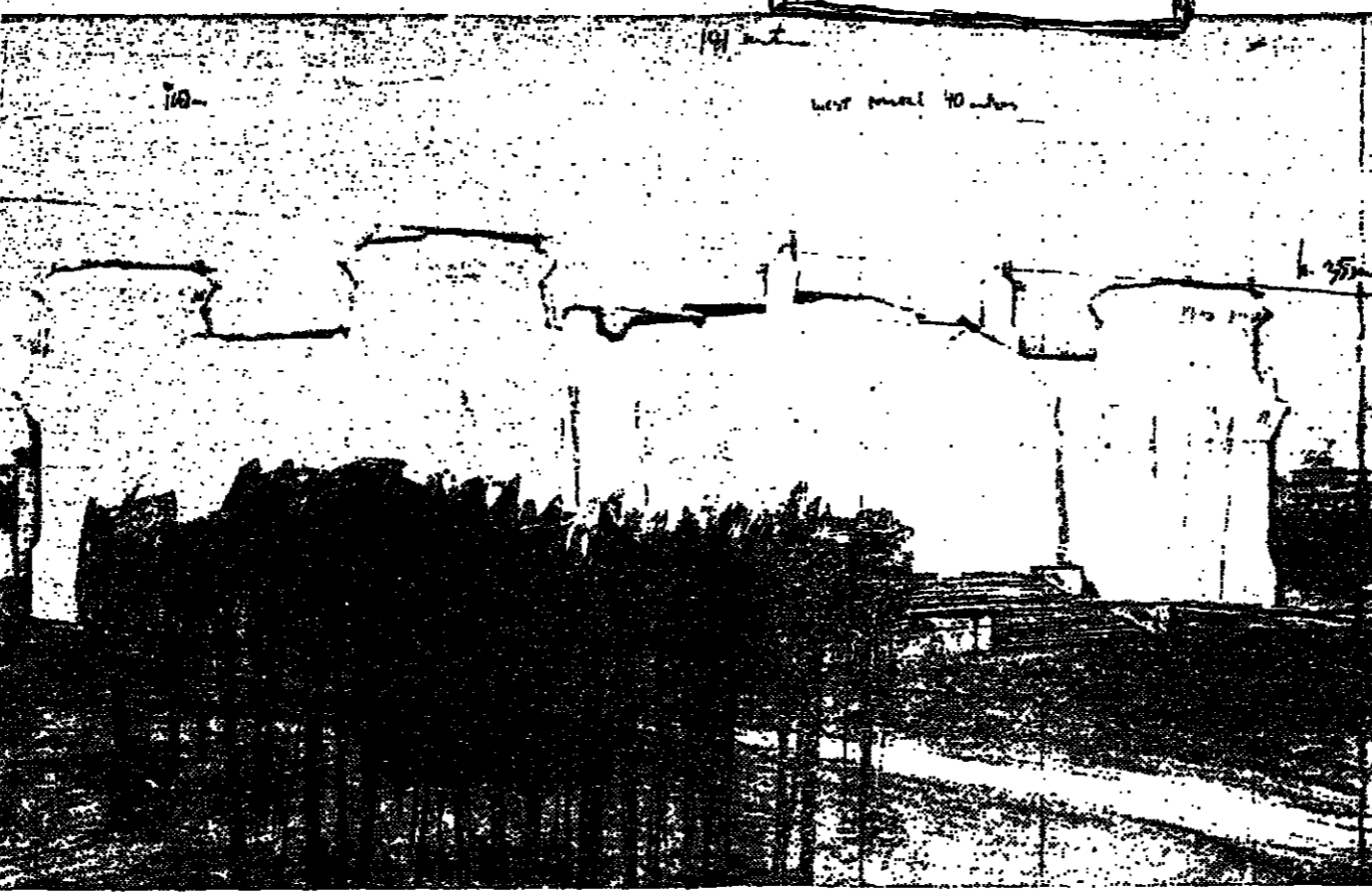
buys and

هكمان الأرحل

The Jealous Lover

by ELIZABETH FORBES

According to the fifth edition of Grove, five of the 50-odd serenades composed for Paris by Jacques Offenbach were performed by Ernest Modeste Grétry in 1838. These serenades, as at special attention, include *Le Maître de Forêt*, *Le Jeune Homme de la Campagne*, *Le Jeune Homme de la Ville*, *Le Jeune Homme de la Campagne*, and *Le Jeune Homme de la Ville*. The first of these, *Le Jeune Homme de la Campagne*, which is the most popular, was first performed in 1838. It is a comedy in one act, with music by Offenbach and libretto by Grétry. The story is set in a village in the mountains of the Alps. A young man, Jean, is in love with a young woman, Marie. Jean's father, however, has arranged for Marie to marry a rich man. Jean is determined to win Marie, and he does so by convincing her that he is a rich man. The opera is a comedy of manners, and it is a masterpiece of the genre.



Sketch for covering the Reichstag

Wrapping up the Reichstag

by WILLIAM PACKER

Christo is a sculptor with an international reputation and a practice, who began by wrapping buildings and monuments of the world. Public works of cleaning and restoration have made us used to our buildings being temporarily hidden behind sheets of canvas and plastic; and very intriguing and extraordinary sights they are. We sense the mass and weight as we lose the detail. On this level Christo's ideas are witty and stimulating; and indeed worth seeing through. His large collages and drawings, besides being excellent things in themselves, and his maquettes, too, both as explication and actual sculpture. But Christo's earnestness is rather intimidating, for he wants desperately to be taken seriously, by serious people; and so the rationale, the self-justifying meetings with all the bigshots, the public committee and so on, intervene alarmingly, the work becoming an excuse, not an opportunity, to talk and be seen to talk art—'Crowd Looking at a Tied-up Object,' the tiny figures dwarfed by the sinister piece, waiting for it to be removed, to be unveiled, to surprise them in some way; but it was never, perhaps not intended to be, carried out.

Christo's projects, on the other hand, when he can raise the wherewithal, and the planning permission, and the political support, are certainly meant to be carried out. His most famous coup, which made him known, if not notorious, to the general public, was his practical attempt, a spectacular and exciting failure, to wrap up a section of the Australian Coast, from cliff-top to beach; and he has made other colossal interventions in the landscape, notably his Valley Curtain and his Running Fence in America. And he continues to propose the King George V, when visiting the First World War battlefields and cemeteries in 1922 said, 'I have many times asked myself whether there can be more potent advocates of peace upon earth through the years to come than this massed multitude of silent witnesses to the desolation of war...'



Bedford House Cemetery, Zillebeke, Ypres, Belgium

Schwarzkopf

by RONALD CRICHTON

Major artists are now, very sensibly, returning to the Wigmore Hall, favourable in size to intimate music as sympathetic to singers in the later stages of their career as it is to beginners. On Friday evening Elisabeth Schwarzkopf and Geoffrey Parsons gave the first of two Wolf recitals—two groups each of all of them, incredibly, written between February 1888 and January 1889. Needless to say the hall was packed, the audience absorbed and grateful for a masterly demonstration of the art of singing—and playing—German Lieder.

Miss Schwarzkopf has inevitably reached a phase where the omission and of diction (and of the matching of vowel sound to weight of tone). There must surely be problems of breath control, though they are rarely apparent, while one is aware of phrase after phrase making the poetic and musical point in spite of an occasional twisted vowel, or swallowed consonant, or very slow movement. The recital had two especially remarkable features. First, the wide, sudden variation of vocal quality within a given song. Second, the extent to which this was covered by the singer's ability to feel and project a song as a whole, not entirely unconnected with Wolf's genius for setting a poem as an entity. The familiar 'Verlassene Mäd-

lein' was one example, the tone limp and controlled in the first two stanzas, distinctly less so before the end, yet the final effect intact. In another short Mörke song, 'Jägerlied,' the voice answered perfectly with full, youthful tone at the climax. Yet 'Im Frühling,' immediately before, had brought laboured moments with notes directed downwards, head half-bung, yet the mood of the song came over at strength, while one or two lines ('nur noch das Ohr dem Ton der Biene lausche' among them) were ideal illustrations of the complete fusion of words and music which Lieder-singing in its higher manifestations is about. In the Wigmore, the pianist can be infinitely more of a partner than in cold modern halls. Mr. Parsons was able without disturbing the vocal line to use almost as wide a range of dynamics as a solo pianist, bringing Lisztian transports to 'Nacht du das Land' and an equally Lisztian tingle to 'Philine.' It was typical of Miss Schwarzkopf as generous colleague to end with 'Spinnst du das Land' and the longest postlude of the evening—indeed giving young singers a lesson in the art of holding without drawing away the audience's attention after the voice has stopped. It was also typical that the final, overwhelming impression should be of renewed understanding and illumination of Wolf and his two poets.

Purcell Room

Marcelle Mercenier

by NICHOLAS KENYON

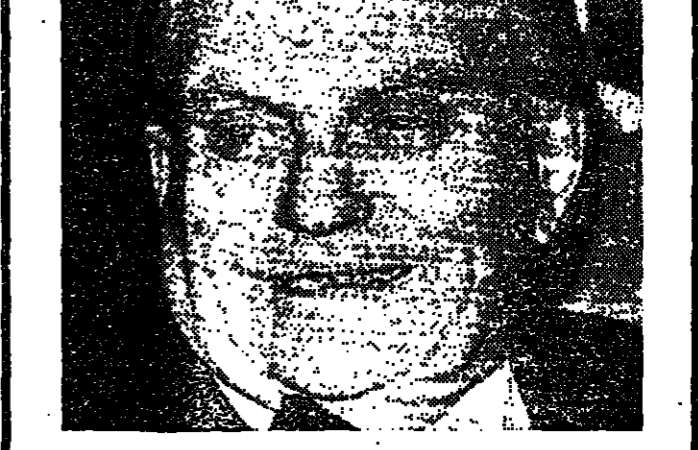
The distinguished Belgian pianist of the avant-garde, Marcelle Mercenier, who has the first performances of works by both Stockhausen and Boulez to her credit, came to London on Saturday night and gave a taxing programme of Boulez and Beethoven with magisterial strength and power. Her performance of the Boulez Third Sonata was something of an event—though quite what event, I have found impossible to establish. In addition to the two published and recorded Formants, 'Trope' and 'Constellation-Miroir,' she played also another Formant, 'Antiphonic,' which Boulez has previously withheld. It may seem foolish to try and fix the final form of a piece which is a text-book example of controlled indeterminacy, but Boulez has said (in *Conversations with Celestin Deliege*, Entenbergs Books, 1976) that 'a third piece... has been in an advanced state for some years now; I shall now finish it... Although no announcement has been made, Mercenier confirmed afterwards that 'Antiphonic' had not been heard here before: is the Third Sonata now complete, or are there more Formants to come? As it stands, 'Antiphonic' makes a short, powerful up-beat to the two following Formants, with their strictly limited performer choice that was so unorthodox in the dome and in the orchestra sensation when they appeared. It was not only the glinting colours and steady precision of Mercenier's playing that recalled Yvonne Loriod: the textures of

the Boulez are frequently Messiaen. They have an added grittiness, though, that comes from rigorous organisation—the Sonata is one of those rare works that convinces completely, though its complex processes are necessarily hidden from view. Miss Mercenier also gave a shattering, avant-garde account of the Beethoven *Diabelli Variations*, in which every contrast was larger than life, every dynamic change scrupulously observed (but in which p was always *mf* and *f* was *fff*), and the whole sequence of variations was swept together into a crushing whole. Not a performance to live with, but quite a revelation.

Taverner premiere postponed
The Royal Opera House, Covent Garden, has announced the postponement of the world premiere of John Taverner's opera *Theresa* from April, 1978, to October, 1979. During the course of detailed discussions with the composer, conductor Mercenier confirmed afterwards (David Williams) and designer heard here before: is the Third Sonata now complete, or are there more Formants to come? As it stands, 'Antiphonic' makes a short, powerful up-beat to the two following Formants, with their strictly limited performer choice that was so unorthodox in the dome and in the orchestra sensation when they appeared. It was not only the glinting colours and steady precision of Mercenier's playing that recalled Yvonne Loriod: the textures of

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Czech Philharmonic Orchestra

by ARTHUR JACOBS

Seating about 2,700, the embly Conference Centre has no claim to be the most comfortable concert hall in London. Its musical programme is under Daniel Barenboim last December, the six symphonies and seven string quartets are all but unknown. This Rhapsody-Concerto, lasting some 20 minutes, seemed an unheavenly inspired sample, its melodies being too reliant on arpeggios and other pre-set and unmemorable figures. A less recent, but equally exciting, sample than Jarovisek's *La Valse*, which has raised the temperature just a little. Under the baton of Zdenek Kocler, described as its "second conductor," the orchestra itself showed that it is no longer the virtuoso team once associated with the "urban" programme, but a varied and unassuming ensemble in present-day Hall heard (yet day) one (ain) Smetana's *Bartered Bride* (ture and *Dvorak's New World* symphony, with John Lill. Dvorak's symphony was decently delivered, but Mr. Kocler missed the characteristic rhythmic swirl of Dvorak's Symphony No. 8 of *La Valse*. And what would Jarovisek's *La Valse*, the orchestra have thought that Dvorak's offered a Rhapsody-Concerto in E minor, as an encore, should be made by Czech musicians into something so slow, droopy and a rarity in Britain, where his dull?

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German theatre

Ayckbourn and German boulevard

by RONALD HOLLOWAY

Give him a few more years, and Alan Ayckbourn may be the most popular playwright in German theatre. His *The Norman Conquests* (Normans *Eroberungen*) has been running for three seasons at the Schlosspark-Theater in Berlin. Prior to that success, *Abund Person Singular* (Frohes Fest) made the rounds of many top subsidised houses, as Boy Gobert's *Thalia Theater* in Hamburg. Two reasons are generally given for his popularity. The first is that Feydeau's farces were the rage at the end of the last decade; the next step to Ayckbourn's farcical comedies was an easy one. The second is that a crisis hit German theatre hard after "outside" plays of dramatic merit were exhausted in the 1960s; since home talent had never been sufficiently supported, the subsidised houses looked to England for new plays and discovered Ayckbourn in plausible and probably the most accurate: German boulevard theatres, that is, the private houses, thrived on playwrights like Neil Simon and Alan Ayckbourn while the big brothers looked scornfully down their noses. Now the tide has turned, and the subsidised theatres look with respect on fun plays and comic dramatists who display an uncanny ability to both entertain an audience and keep bringing them back for more. Ayckbourn and German boulevard are here to stay. This makes it equally difficult for the private houses to stay alive. Rights are sold to the highest bidder, which means the audience is still intact but the stage is empty. Only the veterans show little concern for the change: Professor Kurt to sell-out crowds every week.

SUBSCRIPTIONS
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EUROPEAN NEWS

Loophole in tax avoidance measure

By David Buchan BRUSSELS, Nov. 21. A DIRECTIVE designed to crack down on tax avoidance and fraud within the Common Market by obliging EEC tax authorities to swap tax information from January 1, 1979, onwards was passed to-day by the EEC Council of Ministers.

However, at the instance of Britain and to the relief of some other countries, especially Luxembourg, the directive contains a major loophole. Information from one tax authority to another may be refused where "it would lead to the disclosure of a commercial, industrial, or professional secret or of a commercial process."

Also passed to-day was a banking directive that requires EEC states within two years to harmonise their banking practices, though a longer escape clause is allowed states like Denmark, Ireland and Italy with special problems.

The tax directive is mainly aimed at multinational companies, though individuals are not exempt from its provisions. Direct U.K. taxes affected by the directive are income tax, corporation tax, capital gains, petroleum revenue tax, and land development tax.

The tax directive has been at the forefront of Belgium's plans for its current tenure of the EEC Council chair.

Finance Ministers cool to closer economic links

BY GUY DE JONQUIERES, COMMON MARKET CORRESPONDENT BRUSSELS, Nov. 21.

EEC FINANCE Ministers to-day extended a lukewarm welcome to the European Commission's proposals for closer fiscal, monetary and industrial co-ordination but expressed sharp reservations about the feasibility of attaining full economic and monetary union which the programme is designed to promote.

While the Ministers endorsed the request by the Commission President, Mr. Roy Jenkins, that he should be permitted to argue the case for monetary union at next month's summit of EEC heads of government, several of them made clear that they did not believe that the time was ripe for any earnest discussions on the subject.

Indeed, Mr. Jenkins' efforts to persuade the Nine to revive plans for monetary union came in for some caustic criticism outside to-day's meeting, notably from Herr Hans Apel and Herr Otto Lambsdorff, the German Ministers for Finance and Economics respectively.

The German Government also remained cool towards the Commission's proposals for a new Community lending instrument. Without strong backing from any other member

government, it appears that this plan will be accepted only in a very diluted form, which would give prime responsibility for deciding on the distribution of loans to be made under it to the European Investment Bank rather than the Commission itself.

The Ministers agreed to-day to authorise a doubling of the EEC medium-term credit facility, to about \$6.4bn. The facility, which is intended to provide balance of payments support to member countries, is virtually exhausted.

Before the authorisation becomes effective at the start of next year, there will be further discussion of proposals to make the granting of credit more conditional by modelling it on the progressive tranche system used by the International Monetary Fund, and to tighten up the rules under which creditor governments with payments difficulties would be permitted to abstain from participation in lending operations.

No progress has been made, however, towards adoption of a companion proposal to double the EEC's short-term credit facility to \$3bn. This plan has run into resistance from several governments.

In this context, he cited the recent letter on the EEC sent by the British Prime Minister, Mr. James Callaghan, to the Labour Party's national executive committee, which some other EEC Governments have interpreted as evidence that Britain is not interested in further steps to European integration.

Herr Lambsdorff also suggested that a decision to move towards monetary union would make the process of enlarging the EEC to include Greece, Portugal and Spain, much more difficult. This contrasts with the Commission's view that a move towards monetary union is essential if the EEC's cohesion is to withstand the strains of enlargement.

Criticism of the Commission's ideas was also voiced by Denmark and the Netherlands, while Britain showed no signs of enthusiasm. Both Italy and Ireland, however, took a more positive attitude, and France and Luxembourg expressed some sympathy with the proposals.

The German Government also remained cool towards the Commission's proposals for a new Community lending instrument. Without strong backing from any other member

Controversy follows Madeira air crash

By Diana Smith LISBON, Nov. 21.

THE AIRPORT of Santa Catarina which services the tourist resort of Funchal in Portugal's Atlantic island of Madeira, has become the focus of controversy after Saturday's crash of a Boeing 727 belonging to the Portuguese national airline TAP.

One hundred and thirty people died, 34 escaped, some with miraculously-light injuries, but five are still on the danger list. The Santa Catarina runway (inaugurated in 1967) is 1,560 yards long. It runs between a chain of mountains and the ocean. Pilots must approach at an altitude of 3,500 feet, wait for landing clearance, then do a 360 degree turn and abruptly reduce speed, sometimes facing fierce crosswinds.

TAP a 32-year-old airline with 1,560 yards long, carries over 1,500,000 passengers annually. Liseo do not handle Santa Catarina landings until they have had long experience at other airports and special training.

This training consists of repeated test flights, simulating emergencies. The captain of the crashed Boeing, Sr. Joao Costa, who died in the accident, had long experience of the airport, both as number two and as pilot. He was considered one of TAP's best captains. His colleagues feel that as he landed late at night, in rain and mist, the aircraft may have been trapped in a gust and driven out of control.

The official inquiry teams which flew to Madeira immediately after Saturday's crash, did not get far. The "black box" which will help them to find the actual cause of the crash.

However, TAP pilots have complained bitterly about Santa Catarina airport for years, feeling that dangerous winds, poor visibility (with mountains in the way until the last minute) and the relatively short runway put to the test their skill and their abilities on the aircraft, and on passenger comfort.

It has emerged in the local press that several years ago TWA, the American airline, offered to finance the extension of Santa Catarina airport in return for concessions to build a chain of resort hotels on the island. The offer was not taken up, critics are now saying—because the TAP board of the day did not want airline competition. Local hoteliers and tour operators also wanted a monopoly of the 200,000 visitors who pump about \$30m. into the tiny island annually.

Thus, it appears, plans to extend Santa Catarina were put onto a secondary level until finally, last year, the major Soviet government started the wheels in motion to apply for financing from the European Investment Bank to make the necessary extension. Work was due to start in January 1979.

The psychological and material impact on Madeira tourism of Saturday's crash will be severe, according to local observers. Disgruntled airline staff are also hoping that the loss of six of their colleagues and an expensive aircraft (valued at \$11m.) will spur TAP management into urging the government to speed up the Santa Catarina improvement plans.

ELECTION RESULTS SHOW SWING TO LEFT New era in Greek politics

BY OUR OWN CORRESPONDENT ATHENS, Nov. 21.

AS Mr. Constantine Karamanlis with 20 per cent. last time, and the Prime Minister put it in a vote now have 15 seats in the statement, the results of yesterday's general election open a new chapter in Greek politics.

Although his Centre-Right Party lost its strength, taking 8.9 per cent of the vote, it will now have 11 seats in Parliament. The extreme Right-wing National Front, which houses royalists and sympathisers of the fallen junta, managed to slice off about 7 per cent of the vote from the New Democracy and will be represented in the new Parliament with five deputies.

The Eurocommunists, who had contested the election in an alliance with small groups of socialists, took 2.1 per cent of the vote and will have two seats. The Neoiberals Party, under the former Finance Minister, Mr. Constantine Mitsotakis, will also have two seats, having taken a mere 1.1 per cent of the vote.

Critical analysts said that yesterday's election had proved once more the decisive role of personalities in Greek politics and the strategic impact of the protest vote. They attributed both New Democracy's losses and Pasok's gains mainly to protest votes.

These analysts now foresee strong opposition to Mr. Karamanlis both from the Right and the Left. Mr. Papandreou, who at 58, is

among the younger political leaders, is expected to be an outstanding opposition voice in the next parliament and counted on to pursue his extreme positions more forcefully.

In his electoral campaign, Papandreou had laid a 10 per cent emphasis on change. His 10 per cent emphasis on change is against Greece's full membership of the EEC, with which would prefer a special arrangement such as that between Common Market and Norway. Election analysts have said that agrarian population have Right-wing voted heavily. Mr. Papandreou, Greek ally to the EEC in the next two years, is one of Mr. Karamanlis's targets.

The Pasok also wants Greece to withdraw from NATO, the abolition of bases, and the adoption of a tougher attitude towards Turkey and Cyprus and the Aegean on a direct collision course with Mr. Karamanlis.

The outcome of the cross-party vote will be a parliament in which the candidates of various parties, is expected to be completed by to-morrow. Mr. Karamanlis will be an elected member of the party. The new Government will be sworn in next Thursday and the Parliament will convene on December 12.

Congress vote boosts Schmidt

BY ADRIAN DICKS BORN, Nov. 21.

CHANCELLOR Helmut Schmidt, which he has approached his own party in the past. He appealed for the SPD's backing while conceding that he had made mistakes and is particularly admitted that his deal of the criticism aimed at the Government's hasty BHJ last month to isolate imprisoned terrorists from their lawyers and from the outside world. This type of procedure, said the Chancellor, "must remain the exception—already a similar sense of the need to be emphasized by the mass of make concessions is evident in the SPD's energy compromise. Although this seems likely to give the government a good deal of scope to press on with the nuclear programme, it does not change in any sense give it a green light. (Once the present up in one of the most free nuclear programmes is complete, priority is to be given to coal-fired power stations. Further nuclear plants beyond the 20,000 megawatts under construction or in operation can only be justified according to the resolution, if all other available energy sources have been exploited—though it is uncommonly well.

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German leader in Warsaw

BY CHRISTOPHER BOBINSKI WARSAW, Nov. 21.

MR. HELMUT SCHMIDT, forward in overcoming national mistrust towards country here, and he will to underline that in spi attacks by the West G opposition on the normal policy, it has be irreversible.

It is not expected at moment that the visit will be accompanied by any major development, but an agreement facilitating cooperation between firms willing to produce then sell goods to third m will be signed. Polish comp which have already been about West German prot import policies with, it s not be resolved.

Mutual trade turnover in which amounted to DM5.1 was up 10.5 per cent on the vious year. But the Polish deficit in this period was DM613m.

Comecon PMs in Vienna

BY PAUL LINDVALL VIENNA, Nov. 21.

ECONOMIC CO-OPERATION: Czech human rights activists day issued a public appeal and bilateral political relations Chancellors Kreisky and Strougal, the first ever paid by the Czech leader.

Following a public off the Chancellor last April, the Czech politician system of mutual relations between the two countries, which was initiated in 1970 when West Germany recognised Poland's western frontiers.

For the West German Chancellor, visit will be a step forward in overcoming national mistrust towards country here, and he will to underline that in spi attacks by the West G opposition on the normal policy, it has be irreversible.

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Barents fishing permits sought

BY OUR OWN CORRESPONDENT BRUSSELS, Nov. 21.

IN A MOVE aimed at restarting the stalled fisheries negotiations with the Soviet Union, EEC foreign ministers agreed to-day to ask Moscow to issue licences that would permit a number of Community vessels to resume fishing in the Barents Sea.

However, the ministers also decided to continue for the time being the virtually total ban on Soviet fishing in Community waters, which has been in force for almost two months, and not to renew automatically EEC licences granted to East German and Polish vessels after they expire at the end of this month.

The ministers made clear that they would be prepared to consider the terms on which these boats would be permitted to operate inside the EEC zone only if the Soviet Union, East Germany and Poland indicated that they were ready to resume talks on framework agreements for permanent fisheries arrangements.

The decisions are a compromise between the desire of a number of EEC governments to maintain a hard line with the Soviets and the more conciliatory attitude advocated by the British Government.

Britain had wanted the EEC to offer the Soviet Union more generous access to EEC waters in the hope that this would persuade Moscow to ease its

recent restrictions on fishing in the Barents Sea, which have denied an important source of fish to British and West German distant water fleets.

Though this demand was not acceptable to other EEC ministers, their willingness to approach the Soviets directly with a request for Barents Sea licences marks a softening of their previous attitude, which had led to outright rejection of the Soviet decision to introduce licensing arrangements in its waters.

It is uncertain, however, whether the EEC initiative will evoke a positive response from Moscow. EEC officials are talking in terms of requesting licences for between 70 and 80 vessels—vastly in excess of the most recent Soviet offer to licence only three boats to catch a total of 1,800 tonnes of fish a year in the Barents Sea.

Soviet vessels have been excluded from all but a small sector of EEC waters since late September, when a decision was taken not to renew their licences following the Soviet announcement that it was imposing a licensing system in the Barent Sea.

Mr. JACK LYNCH, the Irish Prime Minister, to-day declared that Ireland should have a growth rate of almost six per cent this year, putting it at the top or near the top of the European Community.

Mr. Lynch also stressed the view of his Government that an even higher growth rate could be achieved next year if, as he put it, "we behave sensibly."

His Fianna Fail government is drawing considerable satisfaction from these figures because its target of a seven per cent growth rate during the general election campaign was greeted with considerable scepticism.

Mr. Lynch also said his government's target of 20,000 new jobs could be achieved, and that in fact 25,000 extra jobs could be created.

But the government sees this as dependent on trade union acceptance of a five per cent rise in wages in return for tax cuts. Early indications from the unions are that they are seeking substantial money increases.

Lynch talks of 6% growth

BY OUR OWN CORRESPONDENT DUBLIN, Nov. 21.

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Soares on visit to Spain

MADRID, Nov. 21.

MARIO SOARES, the Portuguese Prime Minister, began a two-day official visit to Spain to-day during which he will sign a new treaty of friendship and co-operation.

The treaty will replace the 1939 Iberian pact of non-aggression signed by the late dictators, General Francisco Franco and Dr. Antonio Salazar.

Dr. Soares embraced Adolfo Suarez, the Spanish Prime Minister, at the airport and called him "my friend whom I greatly admire and respect."

He is the first Portuguese Socialist Prime Minister to visit post-Franco Spain. Reuter

IRI considers dismantling bank

BY PAUL BETTS ROMA, Nov. 21.

THE EXECUTIVE committee of the giant Italian state holdings, Istituto per la Ricostruzione Industriale (IRI), was meeting here to-day to consider a possible dismantling of the Board of the Banco di Roma, one of Italy's leading commercial banks controlled by IRI.

This follows the latest developments in the three-year-old judicial inquiry into the affairs of the controversial financier, Sig. Michele Sindona, now living in the U.S. where he is fighting Italian extradition demands.

Over the week-end, Milan magistrates conducting the Sindona inquiries, charged the Banco di Roma's joint managing directors, Sig. Mario Barone and Sig. Giovanni Guidi, with "sup-

pression, destruction and concealment of evidence" related to the Sindona investigations. The passports of the two managing directors, who have both denied the charges, have also been withdrawn.

Ten days ago in Milan, the magistrates ordered the arrest of Sig. Barone for alleged lack of co-operation in their inquiries. He was freed 24 hours later.

The magistrates have now asked the Banco di Roma top officials to hand over a reported list of some 500 clients of Sig. Sindona's former Banca Privata Italiana, whose lira deposits, it is said, were transferred to Switzerland and later "re-launched" back into Italy. The Banco di Roma took control of

the Sindona bank at the time of the collapse of his financial empire in 1974.

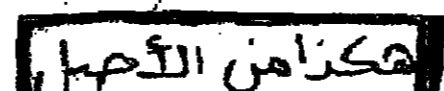
The affair, which is now assumed to be a political matter, is proving a thornier thorn here, in proving of major embarrassment to Banco di Roma, whose head office staff are how understood to be calling for the dismissal of top officials allegedly involved.

Similar demands have been made by various political parties. The Banca Commerciale Italiana Association is also to meet this week to consider the salvage of the former Sindona property company, the troubled and heavily indebted Societa Generale Immobiliare, to which the Banco di Roma is reported to have extended substantial credits.

Can you name the 10th largest correspondent bank in the U.S.? 1. MANUFACTURERS HANOVER 2. CHASE MANHATTAN 3. CITIBANK 4. MORGAN GUARANTY 5. CHEMICAL 6. BANKERS TRUST 7. IRVING TRUST 8. CONTINENTAL ILLINOIS 9. BANK OF AMERICA 10. 11. FIRST NATIONAL, CHICAGO 12. FIRST NATIONAL, BOSTON

To give you some hint of who we are, banking professionals in over 1,100 banks—both in the U.S. and throughout the world—have chosen us as a correspondent. We have over 300 offices in New York State and key people in 22 of the world's major financial centers. We're the 12th largest bank in the U.S. with \$9.5 billion in deposits and total assets of \$11.1 billion. For years, we've been involved in foreign exchange and foreign currency management. So, not only do we have the capabilities, we also have the knowledge to provide you with direct loans and to manage major international credits. Maybe it's because of what we have to offer worldwide that more than half the companies on the "Fortune 500" list do business with us. Now you know everything about us except our name. We're the Marine Midland Bank.

Correspondent ranking based on total deposits due other banks as of December 31, 1976.



AMERICAN NEWS

RTZ named in \$200m. uranium cartel suit

STEWART FLEMING

NEW YORK, Nov. 21.

THE TVA says that because of the alleged conspiracy it was prevented from purchasing up to 88m. lbs of uranium in November 1973 when the price was about \$12 a pound. It added that it then bought 20m. lbs at \$14 a pound. Since then the price has risen to \$40 a pound. The TVA is seeking triple damages of \$120m. to \$200m. based on the \$2 difference in the price paid.

It names as defendants Rio Algom Mines, Canada, a RTZ subsidiary, RTZ itself, RTZ Services, Gulf Minerals Canada and Uranex of Canada, Uranex of France, Gulf Oil, Urangeseil, a West German, Nuclear Fuels of South Africa, Noranda Mines and Denison Mines of Canada, Engelhard Minerals and Chemicals and Rio Algom Corporation, both of Delaware.

Little optimism as coal talks reopen

By Our Own Correspondent

NEW YORK, Nov. 21.

THERE appears to be little hope of reaching agreement over a new three-year contract in the U.S. coal industry before the existing contract expires on December 8. Negotiations between the Bituminous Coal Operators' Association, which represents coal companies, and the United Mine Workers of America, reopened today in Washington. But so far both sides report that scant progress has been made towards a settlement.

SELLING THE UNION TO THE U.S. TEXTILE WORKERS Getting a foot in the door

BY JOHN WYLES IN SPARTANBURG, NORTH CAROLINA

TWENTY YEARS ago it would have been impossible: 10 years ago still unlikely, but the Amalgamated Clothing and Textile Workers Union (ACTWU) yesterday succeeded in planting a potentially crucial milestone in the development of the South.

At a three-hour rally infused with the passions of a revivalist meeting, more than a thousand black and white workers held hands in an emotional singing of the civil rights song, "We shall overcome" and pledged to continue the long-running battle to organise the Southern plants of J. P. Stevens, the second largest textile manufacturer in the U.S.

William DuChessi, an ACTWU vice-president, "we could never get a conference hall anywhere." This time, the union had the hall and the organisation to produce a heart-lifting experience for men and women who still only represent a tiny islet of union loyalty in a sea of 45,000 J. P. Stevens employees.

Workers at yesterday's rally included a contingent from seven Stevens plants at Roanoke Rapids, North Carolina, where, by a slim majority, the union won a ballot in favour of organisation in 1974. It has lost a string of similar ballots elsewhere because of intimidation, it claims, adding that it will not seek any further votes until it can be sure there will be no pressure from the employer.

steel reference price problems

JUREK MARTIN

WASHINGTON, Nov. 21.

U.S. Administration's plan to introduce reference prices for imported steel should be approved within the next few days. However, some uncertainty exists over whether the system will be based on the Japanese cost of production and the cost of transportation for various types of steel or whether it will be based on a separate schedule for European steel.

known to feel that the domestic industry should cease bringing such suits if the reference prices system — under which the Treasury would immediately levy additional duties on foreign steel — is adopted. Mr. Roderick implied that if the system was satisfactory the industry would accept this quick proposal.

Official analyses suggest that partly because industry has stacked up against a strike, and partly because only about half the nation's coal comes from pits covered by the mine workers' union, it would take a six-month strike to have a severe impact on the U.S. economy.

In the past 25 years, the company has moved virtually all its manufacturing operations to the South-East and has located 65 of its 85 plants in the Carolinas. Many are scattered around the Spartanburg-Greenville area, in rolling countryside at the foot of the Blue Ridge Mountains.

The attraction for Stevens and for hundreds of other U.S. and foreign companies has been generous investment and tax incentives and a large pool of comparatively cheap and non-union workers.

Since 1963, Stevens has been prepared to wear the label of "law-breaker" rather than bend the knee to the union movement. The National Labour Relations Board has established breaches of the labour law on more than a dozen occasions, while a New York federal court charged in September that the company's efforts to prevent union membership amounted to "massive, cynical, flagrantly contemptuous" violations of the law.

At times, it has clearly been difficult to keep the membership intact and in the past 18 months a counter-attack has been launched at Roanoke Rapids and other Stevens plants in the form of J. P. Stevens educational committees. Devoted to keeping the union out, these committees are seeking to destroy it at Roanoke Rapids. The company denies any responsibility for their creation.

plans to dominate Vance Brasilia talks

DAVID WHITE

RIO DE JANEIRO, Nov. 21.

German-assisted plans are expected to dominate talks in Brasilia tomorrow between Mr. Cyrus Vance, U.S. Secretary of State, and Brazilian Government officials. Mr. Vance is due to meet President Ernesto Geisel and Sr. Francisco Assredo in Brasilia tomorrow.

Heavy bookings for Concorde NY flights

NEW YORK, Nov. 21.

TWO Anglo-French Concorde airliners land here in quick succession tomorrow, inaugurating regular supersonic flights to New York after an 18-month legal battle. The first to touch down will be an Air France Concorde from Paris.

Both Concorde services will be backed by a court order. The U.S. Court of Appeals found earlier this year that the Kennedy operator, the Port Authority of New York and New Jersey, had discriminated against the plane by refusing to decide whether or not to give it landing rights.

Residents near Kennedy Airport are still less than hospitable to Concorde. One anti-Concorde leader, Mr. Brian Levinson, said protesters would greet the first flights with pickets at the airport.

DSO, MC, MM...



now, when he sees a clock, he hides

THERE are limits to what the human mind can stand. For Major... after years of bravery in Bomb Disposal, the limit is each time he sees a clock. Every alarm clock is a bomb, a ticking watch a probable explosion.

EX-SERVICES MENTAL WELFARE SOCIETY 37 Thurloe Street, London SW7 2LL. 01-584 8688

Polaroid checks S. African link

BOSTON, Nov. 21.

THE POLAROID Corporation is investigating an allegation that an independent distributor secretly has been selling Polaroid film and cameras to the South African government, the Boston Globe reported today.

Pact heads off airline strike

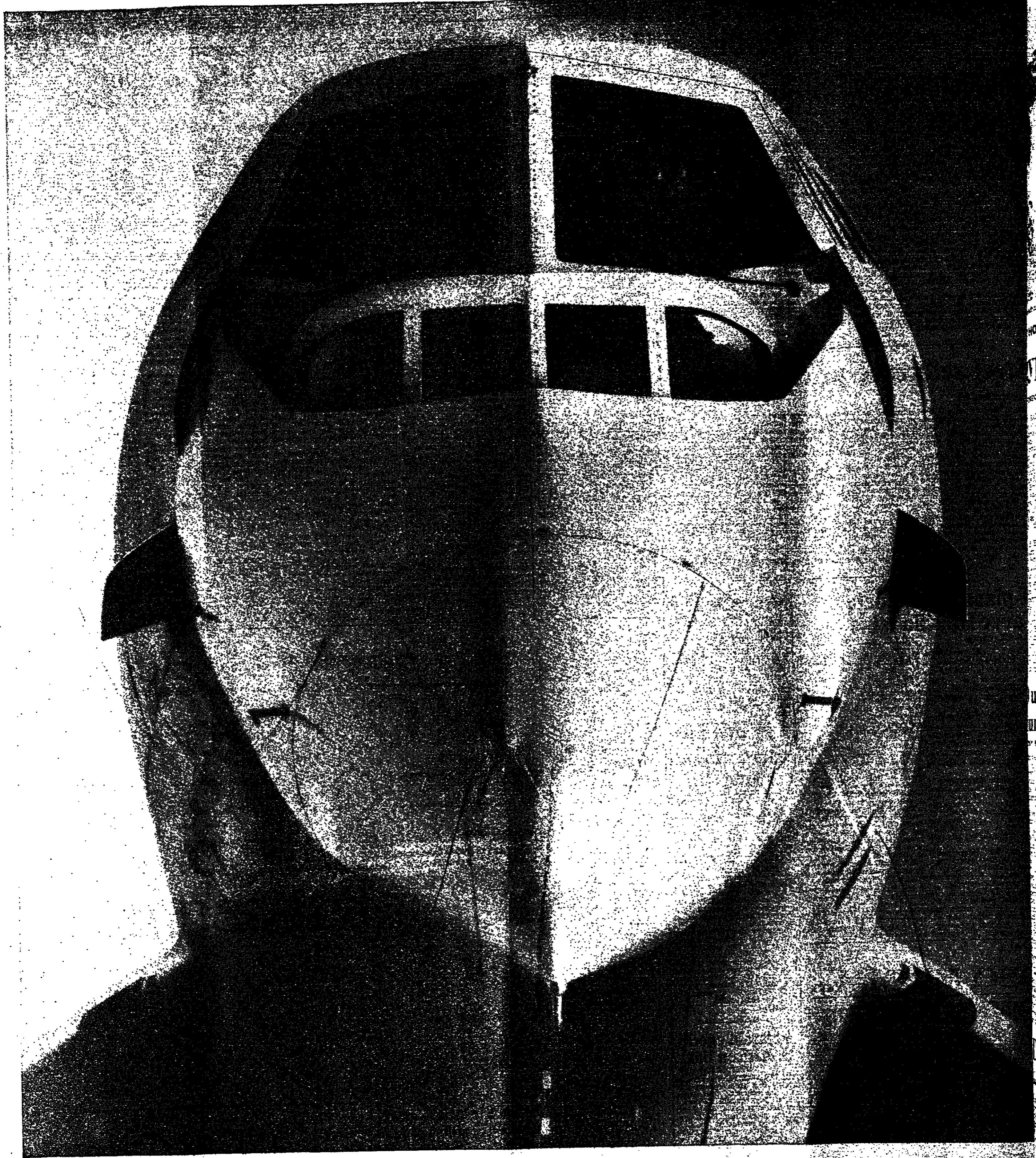
WASHINGTON, Nov. 21.

UNITED AIRLINES, the largest U.S. domestic air carrier, and the union representing its flight attendants reached a tentative contract agreement just before 8,000 union members were due to strike.

ON OTHER PAGES International Company News: Investment in India. BAT purchase. 24/35 Farming and Raw Materials. Brazil: coffee price slash. 39

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President Sadat, a grandfather on Sunday, receives a gift from Golda Meir.

IDAT HOME TO HERO'S WELCOME

Egypt hails 'man of peace'

BY OUR FOREIGN STAFF

President Sadat arrived in Egypt after his historic unprecedented visit to Israel... The television announcer said: "The man of peace has arrived from Jerusalem where he has placed before the Israelis and their leaders his conditions for peace so that children and mothers on both sides should not become orphans and widows, and so that a new era of peace and prosperity can begin."

Gandhi attacks Janata 'illegality'

By K. K. Sharma

NEW DELHI, Nov. 21.

MRS. INDIRA GANDHI today admitted "full constitutional and political responsibility" for the actions of her Government, but she severely attacked the Janata administration for allegedly breaking the law in a statement presented to the commission of inquiry being held into charges of "excess" during her 18-month emergency rule, she also questioned the inquiry's motives.

The statement was presented to Mrs. Gandhi's behalf by Mr. Justice J. C. Shah, a former Supreme Court judge who is conducting the inquiry. Mr. Shah had invited Mrs. Gandhi to assist his inquiries into some charges, but the former Prime Minister did not turn up.

The 17-page statement which she sent instead clearly demonstrated that Mrs. Gandhi is unrepentant over her autocratic emergency rule and is attacking as the best form of defence.

Apart from criminal charges against her son Sanjay, and her close associates, Mrs. Gandhi has lost her attempt to control the opposition Congress Party and finds herself politically isolated.

The newspapers also published the speeches of Mr. Menahem Begin, Israel's Prime Minister, and Mr. Shimon Peres, the Opposition leader.

Denouncing angry Arab and Palestinian reaction to President Sadat's visit, an editorial in Al-Akhar said: "The Arab rejection fronts have hysterically escalated the campaign against President Sadat before even knowing the results of his visit."

In her statements, Mrs. Gandhi accused the commission, and her failure to appear as an anti-climax. It now seems certain, however, that the commission will use its judicial powers to summon her as a witness when sittings are resumed on December 5.

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AUSTRALIAN ELECTIONS

Fraser launches campaign

BY KENNETH RANDALL

CANBERRA, Nov. 21.

MR. MALCOLM FRASER, employment, as treasurer last Friday, because of publicity over land deals. Mr. Fraser strongly attacked the Government's bourne Herald newspaper today campaign for the December 10 (Mon.) Mr. Fraser said that a public service committee was policy statement containing no expaining for the Government major new initiatives but no proposals for the public disclosure of the private financial affairs of Ministers. But no decision will be made until after the election.

The main theme of Mr. Fraser's speech was that the Government is prepared to stand on its record in economic management and taxation reform only in reference to the controversy surrounding the deputy Labour Party's emphasis on job creation and the relief of unemployment.

After the 'Lynch affair'

BY OUR CANBERRA CORRESPONDENT

MR. Malcolm Fraser's campaign for re-election on December 10 has suffered a heavy blow with the virtual dismissal on Friday night of former Treasurer, Mr. Phillip Lynch.

The 17-page statement which she sent instead clearly demonstrated that Mrs. Gandhi is unrepentant over her autocratic emergency rule and is attacking as the best form of defence.

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Mr. Fraser was interested only in replying to the Whitlam speech: the Press was interested only in what he intended to do about Mr. Lynch—subject Mr. Fraser said he would not discuss. With the situation in total deadlock, the Prime Minister broke off the engagement and swept out barely mustering a tight-lipped smile for the television cameras.

Mr. Lynch and Mr. Fraser both draw their strongest party support from the Victorian Liberal Party machine, the largest and most influential in the country. It is not surprising, therefore, that reaction to Friday's events has been strongest in Melbourne.

The balance of feeling is clearly in Mr. Lynch's favour. Publicly, it is being expressed in criticism of the Labour Party and the mass media rather than in anti-Fraser sentiment, and it will be essential to the Government's election efforts that it remains, at least formally, a private matter.

This will not be an easy task, however, since Mr. Lynch's removal leaves some glaring holes in the campaign planning of the Liberals and their junior partners, the National Country Party.

As Treasurer and deputy leader of the Liberal Party, Mr. Lynch had been expected to play an important "first lieutenant" role in winning support on the two issues to which the Government is giving greatest emphasis—inflation control and personal income tax cuts due to take effect from February 1.

Mr. Fraser has been at considerable pains since he took office to keep changes in the Ministry to a minimum. Now, the "memories, memories" theme of his party advertising (as a hand turns the pages of a collection of newspaper headlines) has become thoroughly embarrassing.

The embarrassment is heightened by the fact that it was Mr. Lynch's efforts as shadow Treasurer, alleging impropriety by Labour ministers in their efforts to raise large foreign loans, that gave the Whitlam Government its worst problems.

Yen touches a new post-war peak

THE YEN reached yet another post-war peak against the dollar yesterday up 0.55 from the Friday closing rate. Charles Smith reports from Tokyo. The yen had risen considerably higher still during the day's trading, at one point touching 242.10 but was pulled back by heavy Central Bank intervention. The Bank of Japan was believed to have bought around \$200m. out of the \$479m. traded on the spot market. The only force pushing the market up seemed to be continuing concern about the Japanese surplus and about the absence of any effective Government counter measures.

Amin threat to U.S. citizens

PRESIDENT IDI AMIN has threatened to take severe measures against U.S. citizens living in Uganda and other American targets because of plots against his regime allegedly hatched by Washington, UPI reports from Nairobi. The warning on Sunday was the second time this year President Amin threatened to hold the small American community in Uganda hostage because of his displeasure with the U.S. Administration.

Malawi opposition

AN INTERNALLY-BASED Malawi opposition party, Lesoma, is recruiting Malawi exiles for training in Cuba to launch a guerrilla war against the Malawi Government. Lesoma sources said on Monday, according to UPI in Lusaka. The sources said Lesoma—Socialist League of Malawi—was recruiting among exiles in Tanzania, Mozambique and Zambia, all of which share common borders with Malawi.

Ne Win for Cambodia

PRESIDENT Ne Win is to pay a state visit to Cambodia soon, the Burmese Foreign Ministry announced, Reuter reports from Bangkok. The announcement said the visit, the first by a Burmese President, would be made at the invitation of Cambodia's head of state, Mr. Kieu Samphan.

PLO urges joint front to counter 'treachery'

BY GUYMONT MCDERMOTT

THE FIRST moves towards the establishment of a widened rejection front in reaction to the visit of President Sadat to Israel seemed to be developing yesterday. Palestinian sources in Damascus said yesterday that a front consisting of Syria, Iraq, Libya, Algeria, South Yemen and the Palestine Liberation Organisation (PLO) would be formed to continue the struggle against "Sadat's treachery".

Begin visit to Britain next month

By Our Foreign Staff

MR. MENACHEM BEGIN, Israel's Prime Minister, is to make his postponed official visit to Britain from December 2 to 5, it was announced from Downing Street yesterday.

Mr. Begin's visit to Britain was to have taken place from November 20 to 24 but was put off because of the unexpected visit of President Sadat to Israel. Talks at the Sababot official talks will not begin at Chequers with Mr. James Callaghan until Sunday, December 4.

This will be Mr. Begin's third visit abroad since he became Prime Minister in May, after the U.S. and Romania. Apart from keeping up relations with a long-standing ally, part of the purpose of Mr. Begin's visit is to gain international acceptance. Indeed it is known that Mr. Begin pushed the British Government hard for a full official invitation from Mr. Callaghan which he got—rather than a casual "drop-in-and-see-me on your way through," the style of visit originally proposed.

Le Duan praises Russian aid

BY A SPECIAL CORRESPONDENT

LEADER of the Vietnamese Communist Party Mr. Le Duan, thanked the Soviet Union for its support to his country. A Vietnamese leader was speaking at a state banquet in the Great Hall of the People.

In deference to the Vietnamese, the Chinese Communist Party chairman, Mr. Hua Kuo-feng, avoided any direct attack on the Soviet Union in his speech.

China has been concerned at apparent Moscow leanings of a Vietnamese Government. Peking gave the visiting high-level delegation a low-key welcome, falling far short of the and spectacular staged party for the Yugoslav President.

threat to peace is the Soviet Union. Mr. Le Duan adopted the orthodox Moscow line of two worlds, the socialist camp and the imperialist camp, headed by the U.S.

The three revolutionary currents of our times, he said, "the socialist countries, the national liberation movement and the workers' movement in the capitalist countries are in an offensive position and capable of repelling U.S. imperialism."

Mr. Le Duan pledged his country to close co-operation and friendship with the Communist States of Laos and Cambodia. Border clashes between Cambodia and Vietnam have been reported recently.

Doctor believed Biko shamming

BY QUENTIN PEEL

JOHANNESBURG, Nov. 21.

DOCTOR who examined Mr. Biko, the South African anti-apartheid leader, said that he had seen the dead man's eyes open and that he had found nothing organically wrong with him and believed he was shamming.

The inquest into the death of Mr. Biko, a to-day amid continuing wide publicity, with the medical evidence. Dr. I. R. Lang, a district surgeon in Port Elizabeth, where Mr. Biko was held and interrogated by the security police, was told by the security police that he had seen the dead man's eyes open and that he had found nothing organically wrong with him and believed he was shamming.

Lieut. Wilken agreed that he had also told several people he believed Mr. Biko was shamming his illness. This was simply his personal opinion.

Mr. Sydney Kentridge, the advocate representing the Biko family, retorted: "I suggest to you that it was not Mr. Biko who was shamming, but members of the security police. I am going to suggest that this constant refrain from the security police was in order to draw attention away from what the security police had actually done."

The conclusion of the inquest may be postponed until January if it emerged today. The lawyer representing the doctors who have to give evidence announced that he wished to call expert witnesses, but that they would not be immediately available.



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WORLD TRADE NEWS

Soviets in offshore oil talks

By Ray Daffer
BRITISH OFFSHORE oil equipment and expertise worth tens of millions of pounds may be sold to the Russians under a contract now being discussed.

Tough U.S. talks produce limited Japanese response

BY CHARLES SMITH
JAPAN HAS made "heroic efforts" to respond to a series of demands made at short notice by the U.S. for import liberalisation and for the stimulus of its domestic economy.

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Shareholders: Saudi Arabian Monetary Agency, Riyad Bank, National Commercial Bank (Saudi Arabia), Morgan Guaranty Trust Company of New York, The Bank of Tokyo, Banque Nationale de Paris, Deutsche Bank, National Westminster Bank and Union Bank of Switzerland.

U.K. banking joint venture for Moscow

By Lorne Barling
MORGAN GRENFELL, the Bank of Scotland and Moscow Narodny Bank yesterday signed an agreement to set up a joint-venture banking operation in Moscow, aimed at providing for their customers a service in the Soviet Union.

TR7 passes tests

BY OUR FAR EAST EDITOR
BRITISH LEYLAND'S Triumph TR7, the first of its new models to be introduced into Japan, is expected to be sold in Japan under the company's stepped-up Japanese export campaign.

U.S. warning to EEC on textile

BY DAVID HOUSEGO
The bitter negotiations between the EEC and textile exporting countries on the allocation of new quotas have run into major new difficulties with the emergence of strong American pressure on the Community.

Pessimism over Comecon trade

By Leslie Collett
BERLIN, Nov. 21
TWO West German authorities on East-West trade predict there will be no improvement over the current stagnation until the early 1980s when Comecon, it is believed, will have sufficiently reduced its level of indebtedness to OECD countries.

\$57bn. airliner market likely

BY MICHAEL DONNE, AEROSPACE CORRESPONDENT
THE WORLD market for new jetliners is estimated to amount to \$57bn. over the next five years, of which the biggest segment, worth about \$36bn. is in the short-to-medium range category.

Newsprint demand steady

BY MAX WILKINSON
DEMAND for newsprint in the U.K. is expected to show almost no increase this year, according to the consultancy Economic Models, the consultancy group.

Imports of U.S. computer part head for \$1bn.

Financial Times Reporter
THE U.S. Government Trade Centre estimates that U.S. computer equipment imports will exceed \$1bn. before the end of the decade.

Seatrade Conference on Arab Shipping
Updated Programme
Don't miss this unique opportunity to get close to the important Arab market.
Sponsored by the Arab League Arab Maritime Transport Academy, Alexandria Cairo 10-11 January 1978 Conference Hall A.S.U. Building



Winter heating is now the single biggest operating cost for many companies.

Before you're faced with next winter's bills, which promise to be more crippling still, get the facts now on Colt warm air heating.

It works out at half the capital cost of a boiler system to install. And half of that is then recoverable through tax allowances.

On a 300,000 sq. ft. factory, the saving can be a cool £30,000!

Once it's installed, your fuel bills drop dramatically. Not only because Colt warm air heating's more efficient and costs less to upkeep than other systems, but because of the care Colt take beforehand to design a scheme which minimises heat wastage.

Contact us for a free survey. We'll give you exact details of how much you'll save.

We'll explain why our heaters are the best you can buy. And we'll prove we mean every word by taking you, step by step, through a rock-solid Ten Year Guarantee and fully comprehensive service agreement.

Give us a ring now.

When we talk hot air, we talk sense.

Colt International Ltd. (Health and Safety at Work),
Havant, Hants. PO9 2LY. Havant 6411. Telex: 86219.

HOME NEWS

Shell and Esso sign participation deal

BY RAY DAFTER, ENERGY CORRESPONDENT

SHELL and Esso, two of the busiest oil operators in the North Sea, have agreed detailed State participation terms with the Government and British National Oil Corporation.

The companies, which act as partners in most U.K. offshore areas, have given BNOOC the option to buy up to 51 per cent. of all the oil produced from such fields as Brent, Forties, Cormorant, Auk, Dunlin and Fulmar.

In return they will be able to buy back the oil, at no extra cost, to maintain supplies to their U.K. oil refineries.

Shipbuilders may pick John Parker

BY IAN HARGREAVES, SHIPPING CORRESPONDENT

MR. JOHN PARKER, managing director of Austin and Pickersgill, and at present on part-time secondment to British Shipbuilders as head of marketing, may be named soon as the corporation's first full-time director of shipbuilding.

Mr. Parker, 35, confirmed yesterday that he has been offered the job, but said he had not decided whether to accept. Austin and Pickersgill has been approached about his release and is understood to have signalled its compliance.

Another gap

Mr. Parker's appointment would fill one of the two remaining key gaps on British Shipbuilders' Board, leaving only the post of industrial relations direc-

tor vacant. Mr. Maurice Elderfield was named last week as director of finance.

A native of Northern Ireland, Mr. Parker trained as a naval architect and was employed by Harland and Wolff, the Belfast shipbuilder, from 1963 to 1974.

His period at Austin and Pickersgill has seen the company emerge as Britain's most successful merchant shipbuilder. He took active part in negotiating the £115m. deal between British Shipbuilders and Poland which was signed yesterday.

His responsibilities at British Shipbuilders would encompass marketing and operational matters—a function which was divided at Board level in an early plan for the Board's structure.

Consumer body joins panel on advertising

Financial Times Reporter

The Consumers' Association will take part in a joint working party set up by the Office of Fair Trading to devise research into the current standard of Press and magazine advertising.

The project is part of the office's review of the advertising industry's voluntary code of conduct, which was established two and a half years ago.

The Advertising Association will also be on the working party. It has disagreed with Consumers' Association claims that the code is failing to control advertising in certain key respects.

The Government will make funds available to local authorities and other bodies for running consumer advice centres next year. Mr. Roy Hattersley, Prices Secretary, said in a Commons written reply yesterday.

Midland Bank cuts loans cost

BY MICHAEL BLANDEN

ANOTHER BIG BANK has reduced the cost of its personal loans. Midland Bank announced yesterday that it had cut its rate from a flat 8 1/2 per cent. to 7 1/2 per cent., taking effect on Thursday.

This means that the true rate on Midland personal loans comes down by about 2 per cent. to the equivalent of 14.7 per cent. over a two-year period.

The move follows the sharp reduction in the general level of interest rates in recent months, already reflected in a similar decision by Barclays, which announced last week a cut in the true rate on personal loans from an annual rate of

16.65 to 14.93 per cent.

The change puts Midland among the cheapest of the big banks. National Westminster also bases its personal loan charges on a 7 1/2 per cent. flat rate, though it can charge a 1 per cent. arrangement fee.

Elsewhere, the cost of personal loans varies between a flat rate of 8 per cent. (13 per cent. on a true basis) and 8 1/2 per cent. (16.7 per cent. true).

Midland also announced that it was cutting the flat rate on secured personal loans for up to three years from 8 1/2 per cent. while the rate for secured loans for three to five years is reduced from 8 1/2 to 7 1/2 per cent.

Lending rate may be too low—brokers

BY ANTHONY HARRIS

THE UNEXPECTED rise in bank lending in the October banking month may be an indication that minimum lending rate is now too low to ensure effective monetary control, according to stockbrokers W. Greenwell and Company in a policy bulletin circulated today.

The low MLR and the consequent excessive growth of the money supply are a hangover from the heavy inflows before the pound was floated again on October 29. A relaxation of exchange controls may be urgently needed if control is to become effective, the brokers say.

The longer the politicians delay these decisions, the worse will be the eventual outcome for the economy, they add. They argue that as long as light exchange controls remain in force, the authorities may be prevented from taking effective action to control credit by the fear that higher interest rates will stimulate overseas demand for sterling and drive the exchange rate up.

The analysis of the £566m. rise in bank lending, the main domestic cause of October's monetary growth, is tentative at this stage.

They describe it as "surprising" and suggest that one cause may be deliberate action by the banks to acquire new interest-bearing deposits as a precaution against a revival of "corset" restrictions on the

future growth of such deposits. This regulation was devised as a way of restricting monetary expansion without driving up interest rates unduly, but therefore carries the danger that it may provoke a window-dressing expansion at any time when such a policy seems called for.

The strong feeling underlying the Greenwell bulletin that the recent growth of bank lending will require counteraction by the authorities is not shared by some other analysts.

Messels, for example, argued on Monday that the figures were deceptive, and reflected transitional special factors rather than any rise in the underlying demand for credit.

They suggest in particular, that the recent structure of interest rates encouraged companies to borrow from the banks to purchase tax reserve certificates against their future liabilities, so far as the underlying demand for bank lending is likely to be correspondingly low during the taxpaying months.

Car parts company wants 200 jobs cut

By Stuart Alexander

BETWEEN 200 and 300 workers could lose their jobs at Burman and Sons, the Birmingham motor components company, over the next three months.

The formal 90 days' notice has been given to the Department of Employment and yesterday Mr. Tom Forsyth, production director, said the company was looking for cuts of between 15 per cent. and 20 per cent. over the whole operation.

Having run down the workforce by halving recruitment since the summer, Burman, which specialises in steering assemblies, now employs 1,500 at two factories.

Last night a Board meeting was being held to consider the position. The company said: "These redundancies will affect both factories, but figures have not been decided yet. We have not recruited any new workers for six months. Whatever the eventual redundancy figure, this will be taken into account."

Talks will be held with workers and union representatives, but it is understood that incentives will be offered for voluntary redundancies and early retirement.

Behind the job cuts is a plan to rationalise the product range. More than £250,000 has been committed to concentrating more heavily on power steering units, which are specified now for a much larger range of vehicle weights, a revised component list is to be completed by Christmas. Burman is a subsidiary of Duport.

EMI to show new X-ray scanner

By Our Science Editor

A NEW and faster type of X-ray scanning equipment for medical diagnosis is to be unveiled by EMI in the U.S. next week.

The 7000 series EMI scanner is a joint development by its British and U.S. research laboratories, designed to give high-resolution images in three seconds.

The image is built up by the scanner's computer from more than 1.5m. X-ray absorption measurements made in this time.

The series, to be demonstrated at the Radiological Society of North America Congress in Chicago, will be available in the U.S. next year, said EMI yesterday.

Shorts starts U.S. company

SHORT BROTHERS of Belfast, the aircraft manufacturer, announced yesterday incorporation of a wholly-owned U.S. subsidiary, Short Brothers (USA) Inc., with headquarters at Newport Beach, California.

It has been formed to consolidate "presence, marketing and support services" for Shorts' 330 Commuter airliner in North America. The 330 is going into regular passenger service with Golden West Airlines and the Allegheny commuter carrier, Henson Aviation.

U.S. stake in electrical arm of Tube Investments

BY LYNTON McLAIN, INDUSTRIAL STAFF

THE GENERAL Electric Company of the U.S. is to take a 49 per cent. share of the industrial electrical division of Tube Investments in a move which expands the joint venture operations of both companies.

The sale yields £2.5m. for Tube Investments, but the company regards the real value of the agreement as much higher. The reason it has further expanded its joint ventures in the electrical equipment field with General Electric is the "increasingly high cost of advanced electrical research and development."

The company said its current research facilities would not support more research at the necessary level in the electrical field.

This would now be provided by General Electric, which August 1975, Wallaceton, an Electric is involved currently in wanted a partner with overseas marketing outlets. General Electric would continue research into low-resistance buzz bar trunking same basis.

for power transmission in hospitals, offices and blocks of flats. Tube Investments had been working on this but had limited facilities.

The announcement brings to four the number of joint ventures set up by the two companies since 1965. All are in the electrical equipment sector, with the emphasis on electric motor control, flameproof equipment, systems, installation and now lighting and distribution.

Simplex-GE was formed in 1965, with Tube Investments taking a 51 per cent. stake, while General Electric took 49 per cent.

The Brighton electrical motor control company, Allen West was bought in July 1973, also on a 51/49 equity breakdown. In August 1975, Wallaceton, an Electric is involved currently in wanted a partner with overseas marketing outlets. General Electric would continue research into low-resistance buzz bar trunking same basis.

In South Africa, the control gear lighting business of South African General Electric Company (U.S.A.) and the electrical and lighting companies of the industrial electrical division of Tube Investments have been added to the joint venture.

Products of the latest joint venture combined with those from Simplex-GE, Allen West and Wallaceton are to be sold through Allewrest Simplex-GE.

Five divisions will sell motor control, relay and push button equipment; systems; motor control centres; flameproof equipment; installation and distribution services and lighting.

Tube Investments is particularly pleased about increased involvement with lighting in the joint venture company. General Electric is involved currently in wanted a partner with overseas marketing outlets. General Electric would continue research into low-resistance buzz bar trunking same basis.

U.K. world tyre sales drop heavily over 15 years

BY KEVIN DONE, CHEMICALS CORRESPONDENT

THE U.K. has been steadily losing its share of the world tyre market over the last 15 years, the NEDO report. "What is now required is to achieve such results by reduced unit costs instead of by devaluation of the pound."

The study is based on research work into international markets for rubber products by the Rubber and Plastics Research Association. It was commissioned as part of an "industrial strategy exercise" for the rubber-processing sector working party.

The U.K. share of world exports of tyres, worth £3.4bn. in 1973, slumped from 22 per cent. in 1961 to 8 1/2 per cent. in 1975.

An analysis of 88 countries shows that Britain is holding her market penetration in only four markets: Yugoslavia, Saudi Arabia, Indonesia and China.

The U.K. tyre industry has attempted to export all over the world, but has gained no major market shares. Other EEC countries, while exporting world-wide, have concentrated primarily on EEC markets, where major successes have been achieved.

Japan has achieved big success in developing countries, particularly because of domestic overcapacity and the fall in its share. In 1965 she held 41 per cent. of the Iranian market.

comparing with a U.K. share of 14 per cent. By 1975 she still held 30 per cent. but the U.K. presence had "virtually disappeared."

The sector working party thinks that the industry should shift its interest towards high-quality West European markets and away from the higher risk markets, where it is proving especially vulnerable.

The U.K. has only a small share of EEC markets, and there will only be slow growth in demand, says the report. "Providing that U.K. margins and the delivery reliability can be improved then there are good prospects for further market penetration."

Overall U.K. rubber industry turnover last year was some £1.9bn., of which exports accounted for about 25 per cent. Of this, the tyre production amounted to some £540m., which 33.9 per cent. was exported.

The industry feels that it can regain part of its lost market abroad only by drastically reducing unit costs, especially a time when sterling is appreciating when sterling is appreciated.

The full RAPRA report, available at £450 from RAPRA, Shawbury, Shrewsbury. It is also available in self-contained sections.

Rank signs distribution deal for Fox films

BY CHRISTINE MOIR

THE RANK ORGANISATION has signed a new distribution agreement with Twentieth Century Fox just in time to benefit from the forecast box office bonanza from Star Wars, which grossed \$185m. in five months in the U.S.

Rank is to receive sole agency and distribution rights for all Fox films in the U.K. on the basis of 15 per cent. of all receipts after expenses.

This could net Rank more than £400,000 in a full year without taking into account any boost from Star Wars, which opens in London on December 29, four weeks after the agreement takes effect.

The new agreement comes less than a year after Rank and Fox dissolved their joint company, Fox-Rank, because it had become "too complicated," according to Mr. Escario Branco, managing director of Fox in the U.K.

Since then Fox has been streamlining its U.K. operations. Following the new arrangement with Rank, Fox will have only 12 staff in its London office but will retain complete marketing responsibility for its films in this country, Mr. Branco said.

Company News, Page 30

Wealth tax exemption sought by Lloyd's

BY ERIC SHORT

ANY REDUCTION in the number of British nationals with private wealth would make Lloyd's future depend on the economy of the country.

Lloyd's has told the second stage of the inquiry that it views any reduction with dismay and considers that assets relating to the business of a Lloyd's member should be exempt of any proposed wealth tax.

The function of Lloyd's was an illustration of the use of private capital for purposes worth while to the community, the corporation said.

The evidence pointed out that Lloyd's had earned an unparalleled reputation at home and overseas for financial security and integrity in its insurance operations. Unlimited liability assumed by members of Lloyd's in pledging their personal wealth as security had been a dominant factor in acquiring this reputation.

Lloyd's showed that the operations of its underwriters had resulted in benefits not only to members and policyholders, but to the public at large and the economy of the country.

Policyholders had benefited from the undoubted security, and also from the flexibility of the Lloyd's market which was prepared to accept unusual risks and insure new forms of insurance.

Lloyd's had been involved in the introduction of insurance of jumbo jets, supertankers, offshore oil rigs, communications satellites and other such innovations, contributing indirectly to the success of pioneering U.K. enterprises.

It was pointed out in the evidence that 80 per cent. of the total premium income of Lloyd's was written in U.S. and Canadian dollars and a further 25 per cent. in other foreign currencies.

Lloyd's and its members made a dominant contribution to the balance of payments with the capital investment received from the U.S. Last year Lloyd's earned £279m. on the insurance and investment brokers' (mainly Lloyd's) earned £18m.

'Baksheesh' denial in Racial case

Financial Times Reporter

THE DEPUTY chairman of the Racial Industrial group said yesterday at the Old Bailey that he had never authorised commission payments which were illegal.

Mr. Oliver Prens agreed to give his evidence at the Iran trial on the deal which had made two or three possible improper payments in its life time to foreign individuals at that he had met Sir Shapur Reporter, who was knighted in 1973, before he got £1m. commission from the British Government for help over the deal.

He had never discussed it with Mr. Middle East "Baksheesh" with Mr. Ernest Harrison, group chairman, who will be giving evidence later.

The trial concerns Lieut. Col. David Randel, 41, of Aldershot former military adviser to the Defence Ministry, and two former executives of Racial BC—Mr. Geoffrey Wilkinson, 41, Resconfield, and Mr. Frank Nurdin, 61, of Barnet. They are accused of giving nearly £250,000 in bribes in 1971-72 to the favour to the company over £5m. Iranian arms contract.

Frequent clashes

All deny corruption in the payments and that if they were made, they were intended to forward transmission to Irania middle-men who were necessary for the deal with the Irania army.

Clashes occurred frequently between Mr. Prens and Mr. Wilkinson in the witness box for more than 10 hours, and Mr. Jeremy Hutchinson, QC, defence counsel, for Mr. Wilkinson.

He told the trial judge: "My suggestion is that Mr. Prens was being totally frank with the jury about his knowledge of what was to be paid."

"My client's defence is that he honestly believed that the money was to be used to buy arms, to be paid to Sir Shapur Reporter, so in the low echelons money had to be paid to the lesser fry."

The hearing was adjourned until today.

Dundee backed as oil base

DUNDEE, the second industrial city of Scotland, is well situated to act as a maintenance, repair and support base for a majority of North Sea production oil fields during the next 20 years, according to Ove Arup and Partners, international consultants, in a report commissioned by the Tayside regional council.

Mr. William Ford, chief executive of Dundee Port Authority, welcomed the report yesterday.

Highland airports will keep their character

AN ASSURANCE that if the British Airports Authority took over the eight Highlands and Islands airports in Scotland, they would preserve their "local character" was given yesterday by Mr. Norman Payne, its chairman.

He said in Glasgow that the authority would "attempt to run them with even more economy and sensitivity to the local character and needs so far as achieved."

The airports are Inverness, Wick, Aberdeen, Glasgow, Stornoway, Benbecula, Tiree andIslay. All are run by the Civil Aviation Authority, but their future is under consideration by the Department of Trade.

Mr. Payne said the British Airports Authority was not "out to grab" these airports. It had been asked to submit its views on a change of ownership to the Department of Trade.

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It's time your business team met the Midland's



Midland Bank

HOME NEWS

Green Shield offers cash discounts

BY ELINOR GOODMAN, CONSUMER AFFAIRS CORRESPONDENT

GREEN SHIELD yesterday launched an offensive in the price war among supermarkets which started this summer when Tesco, its biggest single customer, dropped trading stamps and adopted a new cut-price strategy.

It launched a scheme which will allow savers to use Green Shield stamps as a form of cash discounts on a limited range of products. Garages will operate the same scheme and in return for the requisite number of stamps, customers may be able to buy a gallon of petrol for as little as 62p.

Customers who collect a quarter book of stamps will be able to get a discount of 13p off certain items sold by Green Shield's retail customers.

This will mean that on a very limited range of goods, Green Shield franchise holders will be able to offer far lower prices than those of any of their High Street competitors to shoppers who have saved enough stamps. By taking a quarter-full book of stamps to International Stores over the next two weeks, for example, savers would be able to buy a tin of HP baked beans for 10p or a packet of cream crackers for 11p. To get that discount, however, the shopper would have had to spend 5s. or, if the shop was giving double stamps, 4s.

Denature

The scheme, which is already used by stamp companies in the U.S., marks a complete departure for Green Shield which until now has redeemed almost all its stamps for gifts and which has a network of gift centres geared to this kind of redemption. Savers will still be able to

redeem their stamps for gifts but the supermarkets involved are expecting a big increase in demand for the products featured in the promotion.

The in-store redemption scheme will be operated by Green Shield's three biggest supermarket customers: International Stores, Sainsbury and Gateway, together with a number of other regional supermarket groups.

Green Shield said yesterday that the two garage chains, Heron and Prime, had also agreed to take part and that by Christmas it hoped to have 500 garages operating the scheme.

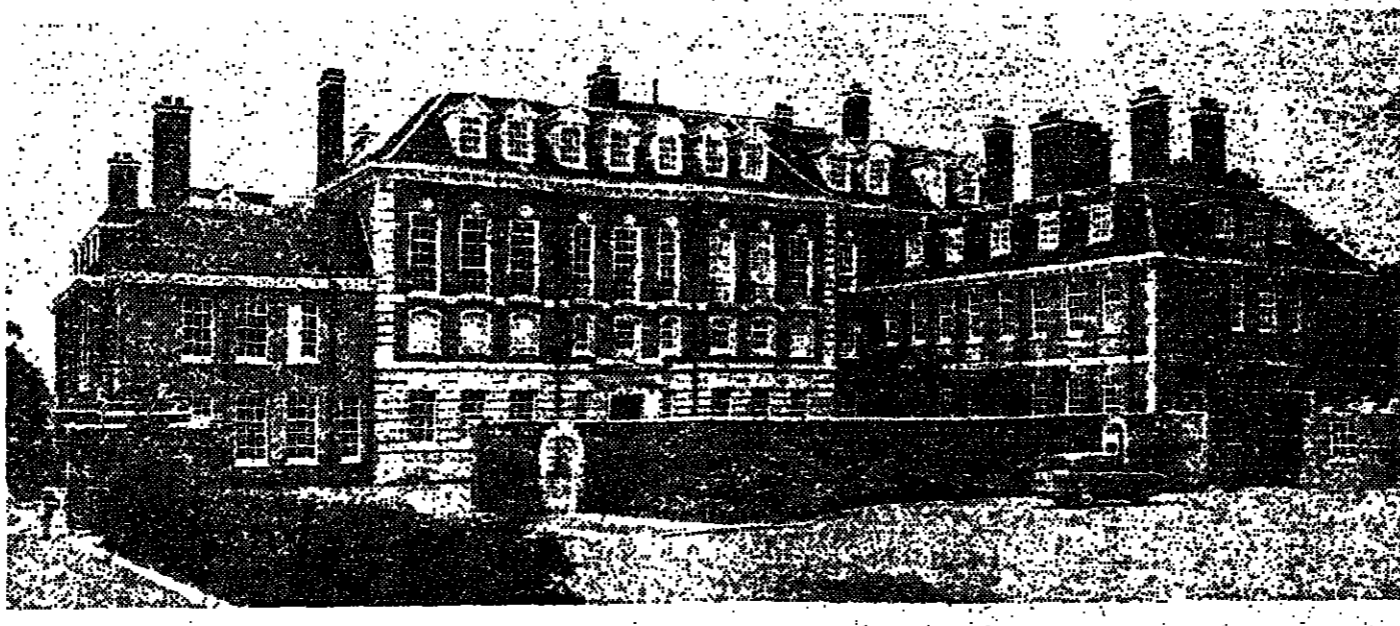
The items covered by the discount will be changed periodically and the scheme will become an extension of a supermarket's normal promotional activity with Green Shield footing the bill.

At present savers who redeem a full book of stamps for gifts get merchandise worth 72p. The Street competitors to shoppers who have saved enough stamps, in effect, giving its wholesale margin back to its trade customers.

Green Shield, which earlier this year closed some redemption centres and ended a sixth of its work-force, said yesterday that however successful the cash discount idea proved to be, there would still be a demand for its gifts and a consequent need for a network of redemption centres.

The company is hoping the new scheme will increase turnover by between 15 and 20 per cent. Even so, this would not be enough to bring sales back to the level reached before Tesco dropped stamps and the loss of garage customers this summer.

The house for which £7m. is being asked



Sainsbury launches cheap coffee

BY DAVID CHURCHILL

J. SAINSBURY yesterday launched a new cheap instant coffee. Called Vendoma, it will sell at 89p for a four ounce jar. This compares with Sainsbury's £1.38 for a four ounce jar of Nescafe and considerably higher prices in some other supermarkets.

In recent weeks all the big supermarket groups have been searching for bargains on both coffee and tea. At the weekend Tesco said it was cutting the prices of almost all its teas by 8p a pound. This followed a round of cuts from other supermarket chains, such as the Co-ops. The latest Tesco reduction is likely to spark further price cuts.

Tea and coffee prices reached record levels on the commodity markets earlier this year. Since then the prices of both have fallen. Because of the time lag in the production cycle, these reductions will take some time to work their way through

Inner city housing finance sought

BY DAVID CHURCHILL

METROPOLITAN authorities will appeal to Mr. Peter Shore, Environment Secretary, this week to provide more finance for new house-building in the inner city areas.

The appeal will be made at the first meeting of the Housing Consultative Council, aimed at providing a public forum for debating housing policies, which will be held on Friday under the chairmanship of Mr. Shore. Councillor John Mills, chairman of the Association of Metropolitan Authorities Housing Committee, said yesterday that the latest Government sponsored building programmes should be concentrated in the outlying areas just because inner city populations were declining.

It is nonsense to suggest that the new housing programmes in depopulating areas when they are losing population for the very reason that housing and environmental conditions are inadequate.

The housing committee, which met last week to consider its case at the consultative council meeting, is understood to be concerned that Government policy on new housing investment will favour the outer suburbs over the inner cities.

Mr. Mills said: "To base housing investment programmes on projections of current population trends would be to undermine the whole inner city policy which aims to make inner city living an attractive option."

This is an issue on which the committee has already had a record straight when the Housing Consultative Council holds its first meeting this week.

A record price—£7m.—is being asked for a private house in this country, it was announced yesterday. Witnurbur, set in 13 acres overlooking Hampstead Heath and the largest remaining private dwelling in London, was bought only a year ago for £1.3m.

The asking price will be more than double the record £3m. paid by King Khalid of Saudi Arabia for Mr. Earl Tikko's former home, Kenstead Hall.

The present Arab owners of Witnurbur are said to have spent about £80,000 on interior modifications. The house has 60 rooms, can sleep 40 comfortably, and is estimated to cost £1,000 a week to run.

Andrew Langdon, of agents Aylestone and Co., says that already a "senior" Saudi Arabian.

Mr. Langdon admitted that there were probably only half-a-dozen buyers in the world who would want a property of this size, so although his firm were only quietly "driving it around" he was confident of more, serious, inquiries.

B & B Italia puts in for repairs

THE ITALIAN 54-foot sloop B & B Italia, briefly handicapped last week in the second leg of the Whitbread Round the World Race, has had to leave the chase and is heading for Hobart, Tasmania, under emergency rig for repairs to her foremast.

This steel alloy mast support, on which all the headsails are hoisted, has probably been replaced by several wires from deck to masthead, and the crew, skippered by Corrado di Majo, 23, undoubtedly just saved their

Their last position was 400 miles from Tasmania. In the chase to Auckland for line honours, the sloop Heath's Condor leads Gt. Britain II by a mere 140 miles after more than 8,000 miles of sailing and 27 days at sea.

The sloop at Auckland, probably to be replaced by an even closer if Great Britain II, a ketch, can win an advantage

YACHTING

BY ALEC DEILBY

over Heath's Condor, in the racing conditions of the Tasman Sea. Both yachts are about 1,000 miles from the British line. The handicap positions are even closer with little separating the EEC yacht, Traité de Rome, just leading the British services yacht, Adventure, and the privately-entered British sloop, King's Legend.

Again, the ketch rig and the crew's considerable experience could just give Adventure the edge in the closing miles.

Meanwhile, the Dutch ketch Flyer, winner of the first leg from Portsmouth to Cape Town, when she took both handicap and line honours—seems to be making up ground lost when her owner, Cornelius van Ritschoten, chose a northern course in the southern latitudes.

The yacht has moved up from the middle of the fleet on handicap to fourth, astern of King's Legend which rates the same on handicap and which Flyer beat to Cape Town by a mere two hours.

The New Zealanders, who are hosts in a race of this length for the first time, are expecting considerable tension and excitement during the week-end ahead as the yachts approach Auckland, as well as late nights as they wait to welcome the race crews.

Home seekers advised: 'Buy before prices rise'

BY JOHN BRENNAN, PROPERTY CORRESPONDENT

BUY YOUR house now before prices soar. That is the advice of Mr. Tony Cavanaugh, president of the House Builders' Federation.

Speaking to the Scottish National Federation of Building Trades employees house building section yesterday, Mr. Cavanaugh welcomed Government proposals to assist first-time house buyers.

But he felt that the proposals were so limited and long delayed in their effect that buyers should not wait for

Airline appeals to Dell over European routes

BY MICHAEL DONNE, AEROSPACE CORRESPONDENT

BRITISH ISLAND AIRWAYS, a member of the British and Commonwealth Shipping Group, has appealed to Mr. Edmund Dell, Secretary for Trade, against the Civil Aviation Authority's rejection of its plans for new routes from Gatwick Airport.

Mr. Peter Villa, managing director of BIA, said in a letter to staff that the airline believed it had a strong case for getting the authority's decision reversed.

BIA had applied for routes from Gatwick to Frankfurt, Hamburg, Copenhagen, Zurich, Geneva and Dublin. It got nothing. British Airways and British Air were granted the routes BIA wanted.

The airline's appeal stressed that the authority's decision is

Industrial Society busier

BY DAVID CHURCHILL

THE YEAR which ended in June produced a large increase in the Industrial Society's activities to help organisations improve leadership, communications and industrial relations, says its annual report published yesterday.

Mr. John Garnett, director of the society, which has managers and trade unionists from 14,896 companies, says in the report: "When the society came into being 60 years ago as the

Used car deal to be offered for £25

BY DAVID CHURCHILL

AN ORGANISATION to promote the sale of used cars on behalf of private clients is being launched nationally after a two-year trial in the North of England.

Promotacar offers advertising services, price guidance and information about vehicles to customers. It also offers finance facilities for buyers. The sales service will be covered by a standard charge of £25.

The service, which is being developed on a franchising basis, follows the recent launch of Computacar, a similar organisation which tabulates information about second-hand vehicles and passes it to customers.

Promotacar, which has 19 outlets, all but two under franchise, is hoping to have 100 offices by the middle of next year.

SNP worried about forestry

BY DAVID CHURCHILL

THE DEPRESSED state of forestry and its dependent industries at a time when the country is importing 90 per cent of its timber and timber products is a cause for grave concern, Mr. George Thomson, Scottish National Party spokesman on forestry, said yesterday.

He said that three of Scotland's main timber products were either closed or run-

Little optimism as new Ulster talks begin

BY OUR BELFAST CORRESPONDENT

THE NEW round of talks to permanent integration with the United Kingdom, thus ending Northern Ireland's status as a "Cabinet" member, has generated little optimism about an end to the political stalemate.

Mr. Gerry Fitz, leader of the mainly Roman Catholic Social Democratic and Labour Party, said there was no guarantee of success, although his party was prepared to "explore the situation" to "West Belfast. Although it was put on a fully commercial basis by the Northern Ireland Development Agency in January, losses are mounting.

His party was the first to meet Mr. Mason. The moderate Alliance Party and the Rev. Ian Paisley's Democratic Unionists will see him to-day.

The meetings are the first step in an attempt to re-establish contact between the parties going again, probably in the New Year. Senior civil servants at Stormont, Castle emphasise that the Secretary of State did not have a formula to put to the parties. The Government might be prepared to establish a joint administrative body in Ulster if the parties reach a firm agreement, but even this seems remote.

The SDLP, for one, fears that such a halfway measure might lead not to full devolution, but close the company.

Honeywell orders go up 30%

BY MAX WILKINSON

HONEYWELL'S U.K. computer operation yesterday reported an increase of 30 per cent in its sales for the first nine months of the year compared with the same period last year.

Mr. Brian Long, who was appointed deputy managing director of the U.K. company yesterday, said turnover was up 34 per cent in the period. Computer shipments increased 54 per cent.

He expected the market to maintain an average annual growth of about 12 per cent a year. But Honeywell expected to continue to perform better than the market and hoped to double its level of business in the U.K. in the next four years.

David Frost faces £175,000 tax claim

BY JAMES BARTHOLOMEW

MR. DAVID FROST, the television personality and entrepreneur, faces a claim from the Inland Revenue for £175,000.

This is the Revenue's assessment of his liability on overseas earnings in the three tax years from 1986 to 1972.

Mr. Conrad Dehn, QC, for the Inland Revenue, in the High Court yesterday described a partnership with sea shell company in the Bahamas as a wholly artificial device, entered into for the purpose of avoiding tax.

This partnership, with Leander Productions, received Mr. Frost's earnings from various sources overseas.

The complex arrangement involved two other companies, West Indies, and another by the name of Tamarisk Investments of Nassau, Bahamas. Mr. Dehn said that Coragoo had the advantage of having a double tax agreement with the U.S.

The most important source of income for the partnership was the David-Frost Show on U.S. television. Under the agreement Mr. Frost received 95 per cent of the proceeds and Leander 5 per cent.

The case has already been heard by the General Commissioners of the Inland Revenue who found in favour of Mr. Frost. They accepted his claim that the income was from a partnership (the partnership) outside the U.K., and that therefore no tax was payable as long as the company in the Bahamas was not brought back to the U.K. by Mr. Dehn said yesterday that he would contend that the arrangement was in reality, the earnings of a partnership, and did arise from possessions outside the U.K.

Leander, he said, did not own the real partnership. Mr. Dehn said that the arrangement was in reality, the earnings of a partnership, and did arise from possessions outside the U.K.

COMPANY NOTICES

Multiple notices including SOCIETE EUROPEENNE POUR LE FINANCEMENT DE MATERIEL FERROVIAIRE, NICHOL COMPANY LIMITED, and others.

World Value of the Pound

The table below gives the latest available rates of exchange for the pound against various currencies on November 21, 1977. In some cases the rates are nominal. Market rates are the average of buying and selling rates except where they are shown to be otherwise. In some cases market rates have been calculated from those of foreign currencies to which they are tied.

Exchange in the U.K. and most of the countries listed is officially controlled and the rates shown should not be taken as being applicable to any particular transaction without reference to an authorised dealer.

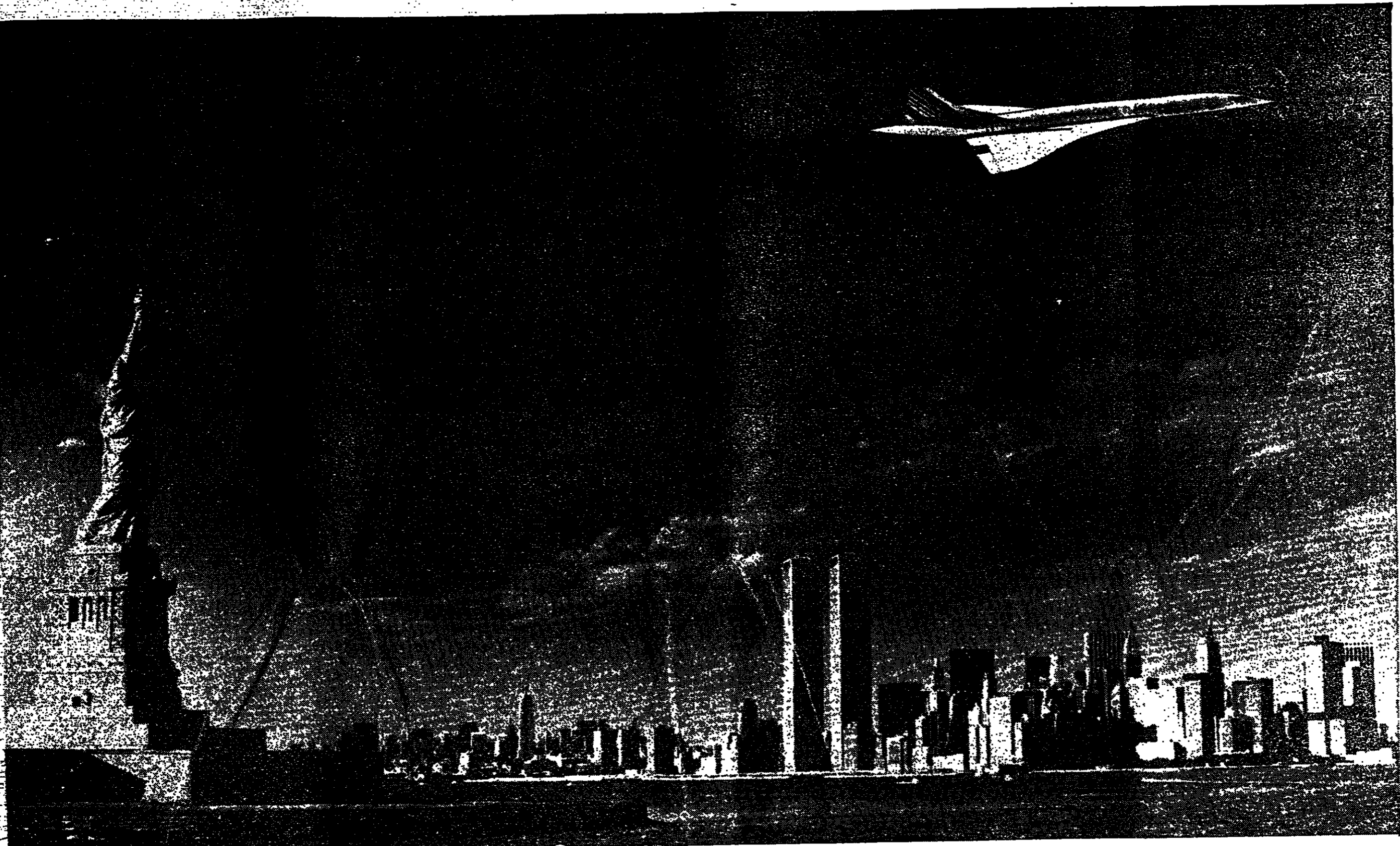
Abbreviations: (S) member of the sterling area other than Scheduled Territory; (K) Scheduled Territory; (O) official rate; (F) free rate; (N.C.) non-commercial rate; (A) approximate rate; (SG) selling rate; (B) buying rate; (NOM.) nominal; (EX/C) exchange certificates rate; (P) based on U.S. dollar parities and going sterling dollar rate; (Bk) bankers' rate; (Bas) basic rate; (cm) commercial rate; (cn) convertible rate; (Fm) financial rate.

Table with columns: Place and Local Unit, Value of £ Sterling, Place and Local Unit, Value of £ Sterling, Place and Local Unit, Value of £ Sterling. Lists various countries and their exchange rates.

That part of the French community in Africa formerly part of French West Africa or French Equatorial Africa, is to be divided into 15 States. The exchange was made at a rate of C.F. Francs to one unit of the new currency.

Thomas Cook Bankers advertisement with logo and text: Thomas Cook Bankers, Thomas Cook Travellers Cheques, The accepted name for money. Worldwide.

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AIR FRANCE 
The best of France to all the world.

Technical Page

EDITED BY ARTHUR BENNETT AND TED SCHOETERS

SECURITY

Foils token forgers

EMI RECORDS has installed a new high-security device to combat theft and forgery of record tokens which has cost the company more than £60,000 in the past year.

Based on a Data Recognition Datasat 4 tag reader, the equipment is fully operational. It will also be used to keep an accurate check on all token sales and exchanges. EMI Records issues between 7.5m. tokens annually, most of which are transacted through its various outlets nationwide.

WELDING

Lister power in a mobile

MOST POWERFUL in the range of petrol and diesel engine mobile welding sets built by Hayters is the new D400L. Based on a Lister 37.5 hp air-cooled three cylinder diesel engine, it is rated at 400 A for continuous manual metal arc welding.

Output is continuously variable from 30 to 400 A, and the unit has sockets to provide a 3 kVA auxiliary electricity supply. Mounted on a two-wheel site towing chassis (road gear is optional), the set has a remote control unit for both amperage and open circuit voltage, which can be operated at the welding point.

Details from Hayters, Spellbrook, Bishop's Stortford, Herts., (0278 729444).

RECYCLING

Polyethylene-coated board recovered

BUILDING ON successful operation of recycling plants for polyethylene-coated board. Because of the good separation of the material components which can be recovered, it is not only possible to use a relatively high proportion of the recycled fibrous material in the manufacture of paper, but also a large number of applications—some of them novel—have been found for the plastic or residual components. Both recycling processes, for board waste coated with polyvinylidene chloride and with polyethylene, can be applied in any paper factory. The 4P group assists with obtaining the machines required. More from Austin 4P, Power Road, Bromborough, Merseyside. Tel. 051 334 4011.

This material is generally considered to be a difficult type of waste which could only be recycled partially, if at all, and which always has hitherto required a relatively large technical outlay. The new process is an important one due to the large market share held by polyethylene-coated board.

METALWORKING

First special convention

PROBLEMS CURRENTLY facing the profession will be studied at the first international convention for welding engineers to be held at Abington Hall, Cambridge, December 13 to 15.

Organised by the Welding Institute, it is hoped that the convention will be the first of a series of meetings, planned for two-yearly intervals, to enable engineers from widely different backgrounds to meet and discuss topics of mutual interest.

Attendance at the convention is limited to 40, and the fee, including documentation, food and accommodation, is about £160. Details from the Institute on 0223 891162.

SERVICES

More gear at Centre-File

EXPANSION at Centre-File, bureau of the National Westminster Bank, has entailed the installation of a data entry system and an extensive data communications facility.

The Redifon Seecheck equipment is to be used largely in support of the Centre-File payroll service which has expanded so rapidly over the past few years that it now accounts for something like 8 per cent of the U.K. working population.

But it will have enough capacity to enable the bureau to offer preparation services as well, although the Seecheck equipment will be involved in preparation work for the stockbroking and building society services.

From Racal Milgo, Centre-File is taking some £100,000 worth of communications equipment to support the bureau on-line service to stockbrokers.

The data network will include both low-speed and high-speed links, the latter for remote job processing through Data 100 terminals.



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AUTOMATION

Accolade to Norway

NORWEGIAN computer manufacturer Norsk-Data AS of Oslo has been awarded a major contract worth \$8m. for the supply of computers for flight simulation which will be used by the U.S. Air Force to train pilots for the new F16 aeroplane.

Each simulator has a large capacity which is controlled by a NOR-30/35 minicomputer, and for slave NOR-50 units backing up. The manufacturers' software is also being used and will be on the NOR-10/S.

The first system will be delivered in April 1978, and from the beginning of 1979 the system will be delivered at the rate of one every eight weeks.

The initial contract for systems will be enough to try the plots of the first 1,000 aircraft. This, as indicated, is worth \$8m, but already there are 2,500 aeroplanes on order, so the total value of the contract could be much larger.

Norsk Data's distributor in the U.K. is Richard Norton (Nor.) 17 Balfour Street, King's Cross London N1 9BB. 01-278 5501.

COMMUNICATIONS

Advantages of plastics light fibres

ALTHOUGH polymer fibres for optical transmission have been known for 12 years, most of the limelight has fallen on the low-loss glass, long-haul work in what seem to be the more spectacular PTT-oriented telephone applications.

Lee Green Precision Industries, however, is offering polymer systems based on fibre from International Fibre Optics of San Diego, for short-link work.

In doing so it will certainly find itself in competition with Pilkington which has recently embarked on a campaign to sell 470 dB/km, with a real prospect of 200 dB/km.

Of considerable practical significance is the ease of fibre preparation: the plastic can be cut with a razor blade to give a useful result, and Lee-Green offers an automatic termination in much larger diameters, unlike glass which would have an unacceptably large minimum bend-radius due to its brittleness. Thus, high apertures without bundling are possible and end-face positioning for coupling is not critical.

In turn, this means that well-engineered low-price components can be produced—important since these are the key elements in the product cost.

Typically the fibre diameter is 1 mm. (huge in relation to the 100 microns or so of glass) and the loss is about 1000 dB/km. As a result links of 30 to 30 metres long carrying one or two megabits/sec of data are easily engineered without special attention to design. Longer lengths (100m or so) and higher bit rates are possible, but expense then increases. Such results are obtained with LEDs and photodiodes; with laser diodes and phototransistors about an order of improvement is possible.

In addition, development of more on 01-825 2203.

SOFTWARE

Three-D for graphics

AUTOPROD produces three-dimensional graphics from any viewpoint defined by the user— including views from inside if required. Many different types of projection are included.

There are also a number of picture options including basic animation, standard scaled views, removal by section of parts of an object before drawing, and automatic development of lines showing where one part passes through another.

Stereoscopic presentations are available. Either in red/green or as separate drawings for use with any standard viewer. Alternatively, masters for slides are readily prepared.

In a recent survey of graphical packages carried out by the Design Office Consortium of Cambridge, Autoprod was described as "the most versatile and one that allows great flexibility in both object and picture definition."

It was designed by Colonel Nigel Hitch of the Department of Land Surveying at the North East London Polytechnic, Walthamstow, and its first application was for a pipe-laying project. Since then it has been developed considerably and has been of value in the professional design of local authority housing projects.

The package is being offered on a bureau basis by Scienc at its Brick Close, Kilm Farm, Milton Keynes MK11 3EJ. 0908 555556.

Language gains ground

A NUMBER of major industrial companies have recently decided to standardise on RTL 2, the real-time language developed by ICI for its own internal uses and marketed by SPL International.

They include Hawker Siddeley Aviation (British Aerospace), Racal, Courtalds, Plessey and GEC.

The latter is offering the language on large control systems with either MTS (Multi Task System) or RSX-11 operating systems. MTS is also under consideration by Boral and the variety of systems available under this heading is attracting attention as users working with DEC 11 machines realise that it offers a speedy approach to writing tailored operating systems, rather than starting from scratch or accepting the generalised packages from the manufacturer.

Since the Coral 66 language supported by Government departments is also progressing very quickly, it seems that a clash is in the offing. More from SPL on 01-636 7833.

HANDLING

Fibre bale strapping

SEMI-AUTOMATIC indexing strapping equipment for the fibre bales industry has been developed by Signode in the U.S. Designed for installation almost anywhere, it applies a pre-determined number of steel straps around a compressed bale.

Manual indexing of the strapping carriage is combined with automatic strapping cycle, set to produce up to 15 bales/hr while maintaining bale dens.

Seal joint is triple notch, strap sizes are 1 inch wide, from 0.025 to 0.031 inch thick. Six or eight straps can be applied, and only a six-operator is required.

Details from Signode, Quaway, Forestfach, Swaz (0792 32811).

Pallets to container

AS A supplement to the piling service operated by G. Chep, the latter will introduce on January 1 a wire in tubular-framed galvanneal frame which, fitted to a standard pallet to form a container, can be used for the transport and storage of a wide range of items from orchids to bricks.

The containers are offered on a day rate (top cost is from 7p to 12p/day), with no restriction on hire period. They can be delivered anywhere and left anywhere, within British Isles supply area. Setting is dealt with by GKN Ch.

The cages are suitable racking and can be block stacked up to seven high with 1 to 1 in each cage (the safety factor is over double this figure). They can be built up in sections to provide a 2, 4, or 6-ft-high.

Cages are fitted to 1,000 x 1,200 mm double entry tin pallets by simple bolt-on clips—they are collapsible for compact storage, and are end-gate.

A similar container system has been in use for ten years in Australia, where it is operated by Brambles Industries, the company which joined with the G. Chep in 1974 to launch G. Chep.

Other advantages are: reduction in packaging cost—product can be moved without cartons; pierce-proof product movement; the cages can be sealed; hire the cages can be transferred to customers.

GKN, which invested £500,000 in setting up GKN Chep, says it is the introduction of the lease service is the first step in planned diversification into distribution business.

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The Management Page

How the Post Office toned up its productivity

Concluding his series on international performance indicators for nationalised industries, Christopher Lorenz looks at the changes in management style and technique which lie behind an unusual and unsung British 'success story'

THE last six years, Post Office Telecommunications has raised its business volume by 50 per cent in terms of telephone lines and traffic. Yet its labour force has been cut by 2 per cent.

One should also treat with caution any calculations which show that the organisation's labour productivity has increased more than twice as rapidly as that of the manufacturing industry. One of the more notable statements of this sort was made last year by the National Economic Development Organisation (NEDO), in its large scale study of nationalised industries. Not only did the various industrial sectors start from different levels of efficiency, as the Carter Committee noted, but telecommunications is blessed with a uniquely favourable combination of circumstances: the availability of a mass of labour-saving technological developments; and rapidly increasing use by customers of assets which it installed years ago, with considerable capital and labour inputs at the time; and ever since. In this situation, it would be astonishing if labour productivity had not surged forward with the passing years.

But this does not detract from the achievements of a management which, according to Carter, suffers from over-centralisation and under-information about its

own performance, and which consists largely of people who were civil servants until only eight years ago.

The survival in some respects of a "government service" mentality may have helped smooth labour relations through this period of changing work practices. There is an unusually strong community feeling of professional interest among Post Office Telecommunications and its staff, especially the members of the all-important PO Engineering Union.

In complete contrast with the postal side of the Corporation, productivity improvement projects in the telecommunications services have caused no major industrial unrest. Critics argue that this is because the management has given away more than was necessary in the detailed productivity bargains of the last seven years. Labour relations have certainly been sweetened by the steady growth of the business, which has limited redundancies to a handful, except among telephone operators.

But union commonsense and management skill have also played their part. The POEU, in particular, has taken the line that the long-term interests of its members lie in improving the efficiency and profitability of the telephone system through

technical innovation. Some projects in the last six years were delayed, however, and a few abandoned, because of union opposition. Part of the management's role has been to avoid sudden cuts or surges in employment, by smoothing the introduction and impact of the many projects which have improved labour productivity; apart from its beneficial impact on labour relations, this policy has been justified on the grounds that skilled men should be kept on the payroll, even if they would not be fully needed again for a year or two, in order to minimise training costs. The relatively quiet way in which productivity measurement and technical innovation have been introduced in the field has also helped minimise unrest.

Resuscitation

It is only since the early 1970s that many managers in Post Office Telecommunications have been using productivity ratios as an everyday tool. Tracing the post war change in management techniques used by the organisation, Mr. Harry Tomlinson, head of the productivity improvement division, identifies three phases. First, in the 1950s, came the up-dating and extension of work measurement (introduced in the

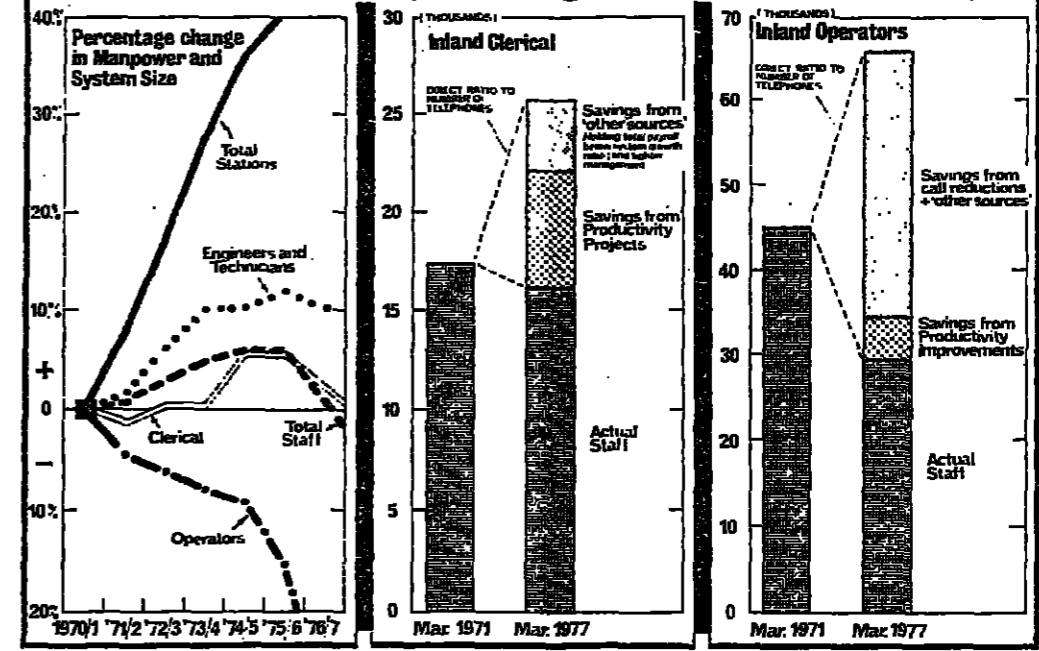
1930s but neglected during the war years) and the parallel resuscitation of method studies. This enabled efficiencies to be measured with some accuracy, but it was only in the early 1960s that considerable pressure began to be exerted down the organisation for an improvement in existing efficiency levels. This was partly due to the growing realisation that the PO had a lot to learn from the management techniques—and performance—of the U.S. Bell System. A lot of work study was undertaken in this phase, but it was not until the late 1960s—and especially after the PO was made a public corporation in 1969—that productivity measures began to play much part in the organisation's day-to-day management. Whereas efficiency is generally defined as output divided by input, productivity embraces the concept of useful output measured against labour input.

The process has become known inside the PO as target management, and its acceptance apparently owed much to the "management by objectives" teaching of John Humble, though the MBO label was never formally attached. Instead of just measuring whether a certain item of maintenance work, for example, was being performed efficiently, the new approach included an examination of which parts of the work were necessary, and whether the maintenance objectives could be reached more effectively by altering or replacing certain procedures.

Targeting is now carried out annually at two levels. At the upper level, the Managing Director of PO Telecommunications, or his assistant, reviews proposals and agrees targets with each of his ten Regional Directors. The Regions' proposed targets are formulated after each Director has gone through a similar process with the General Managers of his Telephone Areas: each region comprises an average of seven areas, each with an average 3,000 staff (though some areas employ over 5,000).

The system has become increasingly effective since 1970-1971, when a considerable devolution of responsibility from

STAFF SAVINGS - The Impact of Targeting and Productivity Projects



London headquarters was introduced. Until that time, no one in a region had been responsible for its overall results. Regional Directors now have responsibility for matters ranging from marketing to the use of new installation and maintenance methods. The organisation could well benefit by devolving still more central responsibilities to them, as the Carter Report suggests, but they are already in a much stronger position than they were six years ago.

At all levels, the targets cover a wide range of factors, under the main headings of revenue, expenditure, demand/supply, quality of service, and manpower. Productivity measures are one of the main items under most of these headings.

Performance against these targets is monitored monthly at all levels, except in the case of revenue; the process involves the production and review of a mass of actual performance ratios and return predictions. It is only on the national level that revenue is monitored monthly; to take this down to regional level would require more sampling equipment, the PO says.

The performance of regions and areas against their revenue and expenditure targets is not widely publicised within the organisation. But a mass of detail under the other headings is included in monthly statistical

digests at both national and regional level. These are widely circulated—to about half the managers in PO Telecommunications, including supervisors in the case of the regional digests. One national digest is known as the "pink book"; the Carter Report complained that it does not enjoy as much status within the PO as its equivalent in the U.S. Bell System.

At an even higher level of statistical extraction, a quarterly review of performance against target is conducted at national and regional level. It is during this process that output forecasts may be changed, provided the regional management can convince headquarters that this is necessary. But the original targets themselves are left standing.

A handful

At area level, the monthly and quarterly review procedure varies, since it is left largely to each regional director to decide the most effective way of motivating his staff to meet the regional targets. Some directors lean mainly towards person-to-person meetings with area managers; others rely more on the exchange of paperwork. In theory, there is nothing in the devolution system to force the regional director to apply targeting to each of his areas, though

this is now general practice. Some idea of the way things have changed in recent years can be gained from the fact that five years ago, only a handful of regions even circulated their performance digests among their own staff.

Summarising the position, Mr. Tomlinson says "we've now got our managers much more tightly targeted than ever before, and concerned with productivity as well as efficiency."

It is under this new regime that labour productivity has been increased so sharply over the last six years in the three major "blocks" of employment in the ten inland regions: Engineers, of which there were 97,000 at the end of the latest financial year (March 31), accounting for nearly 43 per cent. of PO Telecommunications' total labour force; Operators, of which there were 31,200 (14 per cent.); and Clericals, 25,700 (11 per cent.). These figures exclude people working directly for London headquarters (including research and development), as well as external (foreign) services and catering. The manpower savings, and the projects which produced them, are summarised below. The savings calculations are based on how many people would be employed now, in view of the net devolution system to force the regional director to apply targeting to each of his areas, though not been carried through.

The main 'improvement projects'

RECALLS: Post Office Telecommunications would now be enjoying 60 per cent. more savings if it had not carried a series of productivity improvement projects.

Two-thirds of the 9,500-ton saving is attributable to life projects, mainly centralisation. This has not only piloted procedures such as the removal of over-

laps between different departments. The three main projects have been computerisation of billing, payroll and directory preparation. Another project, an office work measuring and productivity campaign, was abandoned because of union opposition. The remainder of the savings related to productivity improvements in other parts of the business, particularly OPERATORS: The bulk of the personnel savings shown in the

chart—31,800 people—has not been counted in the productivity savings figures, since they result from a reduction in the number of operator-connected calls, due to the extension of the STD network, the weighting of call charges in favour of STD, and the 1975-76 recession in demand.

The savings related to productivity projects are far less impressive than those on the clerical side. This is partly because some early projects failed for technical reasons—and not as a result of union pressure, the P.O. insists. But 4,800 jobs have been saved largely by automation of ticket pricing, push-button dialling by operators, and improved working procedures (so several calls can be handled in parallel, for example).

ENGINEERS: It is more difficult to calculate the exact number of engineering jobs saved than it is for clericals or operators, because there has been a mass of small projects—the P.O. can list at least 60—rather than a few dramatic ones. The approximate number of jobs saved is 24,000, which means the P.O. would have had a quarter more telecommunication engineers on its books than the current 97,000 if no productivity improvements had been made.

The P.O. considers that the general introduction of "targeting" has had a widespread impact (see above), but much of the improvement has been associated with technical innovations—which have had a spin-off effect, enabling a mass of working systems to be thoroughly reorganised, partly through specialisation, but also by means of a generalisation of the changes in practice introduced by almost every project. The P.O. has undoubtedly been helped by the fact that one large union, the P.O. Engineers, predominates among its employees; the POEU is also far less averse to technical change than many unions in private industry.

The 60-odd projects have affected the installation and maintenance of a wide range of equipment. On the installation side, the most publicly visible project has been the gradual cutback in customer equipment installation teams from four men to two or even one. A series of measures has facilitated this, including the transfer of some work to specialised groups (such as pole erection) and the use of more automatic installation aids. The reduction to teams of one man for internal work was accomplished by giving the engineer a variety of skills and introducing a multiskill wage grade. This is exactly the sort of approach which many companies in the private sector would dearly love to make, if only they could overcome inter-union rivalry.

Money-saver

Another form of installation is "external works," covering heavier activities such as cable-laying. One of the most significant labour and money-savers has been a change in cable-laying policy; when extra capacity is needed, new cables are now often "overlaid" across the existing network, rather than being linked into it at every stage in a laborious and labour-intensive fashion. The use of new types of cable has also enabled longer lengths to be laid. Joints which were only 200 yards apart are now spaced at up to half mile intervals. About two-thirds of the labour on cabling used to be jointing work, so this has had a major effect on productivity.

A series of technical innovations has also improved cable maintenance productivity. Daily surveillance of the whole system is now possible, enabling maintenance and repairs to be planned and carried out more productively.

Exchange maintenance is a particularly large component of the P.O.'s engineering overhead, still accounting for nearly a fifth of its engineers. This is in spite of the improvements of the last six years; for example, virtually every item in medium and large exchanges is now tested automatically every night, freeing staff from much of the routine work.

Certain maintenance-intensive electro-mechanical parts have been replaced with electronics. But, as last week's article explained, the P.O.'s exchange maintenance productivity stands out from the rest of its activities as lagging behind that of the German Bundespost.

The war that never ends

We British are a peaceful people. When a war is over we like to consign it to the history books—and forget it. But for some the wars live on. The disabled from both World Wars and from lesser campaigns, now all too easily forgotten; the widows, the orphans and the children—for them their war lives on, every day and all day. In many cases, of course, there is help from a pension. But there is a limit to what any Government Department can do. This is where Army Benevolence steps in. With understanding, with a sense of urgency... and with practical financial help. To us it is a privilege to help these brave men—and women, too. Please will you help us to do more? We must not let our soldiers down.

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Leasing

Enigma variations on aid for shipbuilding

By IAN HARGREAVES, Shipping Correspondent

Small savings boom

THE LATEST National Savings figures are undoubtedly impressive. In the (five-week) period to the end of October, the net intake of funds was just on £200m., against only £92m. in the previous (four-week) period.

It is true that some societies have always treated the Association's recommendations about interest rates with a certain flexibility and that some of the larger ones, which are better placed to accept a reduction in margins, are now doing so more openly.

Lower rates So far as monetary policy goes, in any case, the authorities cannot be entirely happy about an interest rate structure which leads to large flows of funds in between the banks and the building societies and tends to make the cost of bank finance to industry higher than it would have been otherwise.

Mortgage cost The flow of money into building societies has recently been extraordinarily large. Net receipts in October amounted to £580m., against a previous record of £511m. in May and a mere £.m. in October last year.

Greece reverts to normal

SUNDAY'S elections in Greece confirm the country's return to political normality after the upheavals that began with the Colonels' coup of April 1967.

Nevertheless, Mr. Karamanlis almost certainly expected to do a little better than he has now fared, slipping from just under 55 per cent. of the vote in 1974 to just over 42 per cent. on Sunday.

Mr. Karamanlis has raised defence spending, called for austerity all round and failed to make a major assault on the country's bureaucratic, urban and regional problems.

EEC entry The collapse of the Democratic Centre, matched by the forward surge of the Panhellenic Socialist Movement led by Mr. Andreas Papandreu, is the most striking feature of the results.

BRITAIN is at present trying to sell six general cargo "tramp" ships worth £50m. to the state-owned Shipping Corporation of India.

It seems to be a case where goods, the products of Sunderland Shipbuilders, cannot be given away. The reason, say the Indians, is that their £144m. aid is worth more spent on British goods which are not so substantially undercut on world markets as our ships.

One of the chief problems is now the key component of any ship sale. Completion dates are not much of a problem, with many yards rapidly running out of work, and there is not much to choose between a wide range of builders on quality and specification.

Early 1976: Salen, a Swedish shipbroker, approaches a U.S. bank about financing a large Polish order, possibly with Norway. Guinness Mahon becomes the lead bank for the deal.

June 1976: British Shipbuilders' Organising Committee actively involved in technical specifications for order. Norwegian interest in order wanes.

December 1976: Prime Minister asked by British Shipbuilders chairman designate, Admiral Sir Anthony Griffin, to take up question of order. Mr. Callaghan and Mr. Piotr Jaroszewicz sign agreement in principle for £150m. order involving 22 ships.

January-February 1977: British yards tender to Organising Committee for order. Guinness Mahon proposes financial package for deal involving 70 per cent. conventional ECGD-backed finance at 7.5 per cent. over 7 years and suggests raising remainder on Eurodollar market in 5-year loan tranches rolled over for 15 years, with additional Eurodollar borrowings to re-finance part of ECGD loan where this fails to meet Polish credit requirement.

March 1977: Lever plan constructed, involving converting £100m. in Eurodollars on the back of a still unformed corporation and involving a heavy gamble on interest rates over the 15-year chartering period of the ships, dismisses Guinness Mahon proposal.



Mr. Michael Casey, chief executive of British Shipbuilders.

Leaving aside the question of blame for present conditions, both industries are left searching for an international solution, with the Organisation for Economic Co-operation and Development—whose working party number six has just completed a three week session in Japan—the only obvious agent of agreement.

April-May 1977: With a viable financial package ready, Poles stall on basis of fears that with world freight rates falling steadily, charter income of ships from which their repayments will be made is inadequate.

May-August 1977: U.S. interest rates start to rise, those in U.K. to fall, destroying the basis of the Lever proposals.

July 1977: Poles withdraw about trends in large bulk carrier market, re-draft order replacing six 37,000 dwt bulkers with seven 16,500 ton-vessels and more smaller ships.

August 1977: Hambros suggests raising crucial 30 per cent. of cash requirement with a Eurobond issue at 8.5 per cent. Following pressure from Mr. Lever and intensive shopping around the markets, an issue of \$121,600,000 at 9 per cent. is agreed on September 1977. Further London

puts down its failure to land a single order this year to the fact that it is being outbid by the only customers available, those in the developing world, not on price or quality, but on availability of the right kind of credit with the necessary degree of promptness.

Accusations about which Government's tactics are dirtiest in the shipbuilding subsidy game are rife. Normally cautious civil servants are prepared to support allegations that one West European government has committed at the establishment of phoney brassplate companies in countries which are eligible for overseas aid.

It is exceedingly difficult to compare the cost of soft credit packages and direct aid payments with, say, large grants for investment or reorganisation of shipyards, such as have been announced in France, Norway and Holland, among others.

Another worry for OECD's shipbuilders is that they are squabbling amongst themselves about the value of an anti-import protectionist policy on behalf of shipbuilding, which the Japanese perfected and which is now being very successfully emulated by the emergent Brazilian industry, whose share of the world order book rose from 0.5 to 5.5 per cent. between 1970 and 1974.

Further London detailed negotiations with- and there is still wide discrepancy of price. Government decides it can't do a direct subsidy from the £65m. interest fund. Ministers are preparing to see as much as £40m. for the deal, but following Hamburg's figures, it is agreed on a conveniently cent. of the price, judged just about respectable in eyes. The deal, which requires income from the £450 million, is \$121,600,000 at 9 per cent. is agreed on September 1977. Further London

A diary of the complex Polish deal

MEN AND MATTERS

Dutch treat for housewives

Brian Chapman, who is to-day sending a considerable frisson through the £225m. British instant coffee market, likes to see himself as the "housewife's friend."

Chapman refuses to say what the new deal is worth to him. But he has recently marketed a coffee and cherry product with sales at £1m. — and this is "much, much more."

Lucky encounter

Spotting a cinematic best-seller in advance is more a matter of luck than judgment. The history of the cinema is full of would-be blockbusters hitting the dust and low budget outsiders packing 'em in.

Deputy Briton

Once upon a time computers were unwieldy steel wardrobes full of multicoloured wires made by companies with funny names like the British Tabulating Machine Company.

for U.K. market leader position with the mighty IBM, while Honeywell has established its position as number three over here.

Yesterday the men from Honeywell were busy forecasting another record year of 30 per cent. turnover growth and announcing a management reorganisation which, inter alia, sees the promotion of Brian Long to the newly-created post of deputy managing director.

For some reason Honeywell seem to think that the appointment of a native British subject to the "number two slot" in their U.K. computer subsidiary is quite a momentous development.

Spelling it out

Latest wry comment in international trade circles about the real meaning of UNCTAD: Under No Circumstances Take Any Decisions.

Observer



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FINANCIAL TIMES SURVEY

Tuesday November 22 1977

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Retailing

For most retailers 1977 will be a year best forgotten. Christmas may help to provide some cheer, but the trade will have to wait well into next year before it is likely to see any marked improvement in sales.

Next year may be better

Elinor Goodman
Retailer Affairs
respondent

ONLY THREE weeks ago, immediately after the Chancellor's mini-budget, many retailers were confidently predicting a very good Christmas not perhaps a "record" one real terms, as that would require a real inflationary spurt in the underlying trend to push the volume of sales back over the December 73 level, but at least a good one which would have done much to sweep away the general gloom of 1977.

Since then a note of wariness has crept into their short-term editions. The worries over whether the tax rebates would be paid before Christmas, and the general atmosphere of industrial unrest made some shopkeepers revise their forecasts. Certainly, the weather did not begin well—particularly when compared with last November's relatively bright sales.

Christmas will be good, but not good enough to compensate retailers, in terms of sales, for the hard times they have been through earlier in the year.

The forecasts have only been slightly revised and will do little to alter the longer term projections about a real increase in sales next year. In the wider scale of things they are only really noteworthy in so far as they again demonstrate the numerous factors which affect retailing. The industry is Britain's second largest employer and accounts for 10 per cent of the country's Gross National Product. It is in the shops that the Government's efforts to control inflation are seen to stand or fall in the eyes of the public and they are also one of the areas most immediately affected by the kind of measures included in a Budget.

The latest Budget was expected to have an even more immediate effect on sales than most in so far as the tax rebates and the OAPs' bonus were timed to come through into people's purses before Christmas—which is in any case by far and away the most important period of the year for most shops.

Intangible

But there is more to predicting retail sales than stark statistics about the amount of money people will have in their pockets and how that amount varies their forecasts. Certainly, the rate of inflation, confidence, that most intangible of things, also plays a vital part. It is this which helps dictate how much

people will be prepared to spend out of their savings and whether they are prepared to enter into long-term commitments. It can work both ways. When prices are expected to rise rapidly, consumers may try to beat inflation by immediate buying. Conversely, fears about the future—particularly about unemployment—may dampen demand even when the level of real earnings is rising.

Consumer confidence can be volatile—witness the last few weeks when, at least as retailers read it, fears of power cuts, a firemen's strike, etc., have done much to dispel the more buoyant feelings they expected the Budget to generate. The long-term trend, however, is much more encouraging. The Financial Times' survey of consumer confidence shows that people are more optimistic now than they have been for seven

years. Indeed virtually all the indicators suggest that in the longer term prospects are much brighter for retailing. Real earnings should start to rise next year and unemployment to fall. The improvement may not manifest itself in sales until well into 1978 but the signs are that volume for the year will show a healthy increase in 1977. Such an improvement would be the first for four years and would mark a radical change in the business climate which has surrounded retailers since 1974.

It was in 1974 that retailers first saw the volume of their sales fall. The decline was accelerated in 1975 and though volume last year was marginally up on 1975, it was still well below the 1973 level. The real crunch in terms of sales came this year when the volume of

sales fell in the second quarter to its lowest for five years as a result of the squeeze on real earnings.

Sales picked up from this very low point in July, partly as a result of increased concentration in the post-Jubilee month, and partly because with fewer people going abroad on holiday, there were people in the shops. The August tax rebates, combined with the generally more optimistic feelings about the future helped sustain the improvement and though sales dropped off fractionally in September, volume in the third quarter ended up 3 per cent above the level in the preceding three months. Even so, this still meant that volume for the first nine months of the year was 3 per cent below the average for 1976, and sales in some sectors, such as food remained extremely depressed.

Biggest

Viewed over the longer term, the decline is even greater. Compared to the corresponding period of 1973, the volume of business in all kinds of shops was running almost 41 per cent down in the first nine months of this year, with clothing and footwear shops showing the smallest decline and food the biggest.

There have been exceptions to this gloomy picture in 1977. The mail order companies have had an exceptionally good year for sales by comparison with the rest of the trade, and until recently the tourist trade has inflated the London stores' sales figures out of all proportion to the rest of the country. As most of the big department stores groups are well represented in

London, this has eased the pressure on their sales.

But in general it has been an extremely difficult year for sales. The closures, which have marked the past few years, have continued and some big names, like Meakens and Swears and Wells, are in the process of disappearing from the High Street. But retailers themselves argue that the fact that so many stores have survived the past few years—albeit in some cases in a much slimmer form than before—is a tribute to the efficiency of British retailing. There have been far more serious casualties in other and more affluent European countries.

Sales are of course, only half the picture and while 1977 has certainly been a very tough year for volume, it has not been so bad for profits. In 1975 the drop in volume coincided with a massive increase in costs, which meant that most retailers found their costs were rising faster than even their inflation-boosted sales. In 1977 volume dropped even more sharply, but for most of the year the cost/sales ratio was in the trade's favour because retail costs were generally lagging behind the rate of inflation.

This was not much comfort of course for those shops which saw a really sharp decline in the volume of their sales. In some areas of the country, for example, stores are still finding it difficult to match even last year's cash sales, let alone their volume. Others saw their net margins eroded as a result of competition. The price war among the supermarkets which followed Tesco's decision to drop trading stamps, for example, had meant that many food retailers have had to take

a cut in gross margins. With overall demand for food down, a reduction in the gross all too often works through to the net margin.

Gross margins in other sectors like menswear have come under pressure too, while the proliferation of "special sales" notices in shop windows gives some indication of the price-cutting which has taken place this year. Even so, a number of big groups like House of Fraser and Debenhams have managed to increase their gross margins, and there have been some very good retail groups like Asda, Empire Stores and W. H. Smith. (The improvement in Debenhams' overall gross margin may be a reflection of the fact that this group, like a number of other department stores, has eased its way out of some of the bloodiest price wars by reducing the amount of space it gives to highly priced competitive goods like major electrical appliances.)

The big question next year is whether the expected increase in demand will result in cash sales rising faster than retailers' costs. The outlook on costs is not particularly encouraging. For a retailer, labour is far and away the biggest single cost even in these days of self-service. Last year's settlements added about 10 per cent, to most retailers' wage bills—the lowest percentage increase for three years. In theory next year should see a similar rise but this has to be viewed against a forecast reduction in the rate of inflation (though interestingly few retailers seem to be basing their forecasts for next year on a single figure rate of inflation).

Moreover some retailers query

whether 10 per cent, will be the ceiling on wage awards in the retail sector year even if the Union of Shop Distributive and Allied Workers settles for this figure. Two of the wages councils in the industry have tentatively negotiated increases of over 12 per cent. Despite these wages increases there would seem to be room for a rise in net margins next year for non-food retailers.

The other possible cloud on the horizon, as retailers see it, is the possibility of Government intervention. Unlike manufacturers, retailers are still subject to both aspects of the old price controls—in the form of net and gross profit margin controls—and the new system of Price Commission investigations. These margin ceilings will come to an end in July and it seems unlikely that anything but a minority of retailers will find them a real restraint before then. What is not yet known is how the new function of the Commission will affect the shops.

Questions

In so far as the Commission seems to be interested most in sectors where competition is not working properly, the retail trade would seem to have less to fear than some other sectors. It would seem highly unlikely, for example, that the Commission would bother to investigate food retailing per se as Tesco has already done its work for them. But virtually all of the Commission's investigations will impinge on retailers in some way or other and there is already irritation among some

sectors of the trade about the kind of questions the Commission is asking.

Some of the sectoral references, like footwear and books, have an even more direct bearing on the retail trade. (The footwear reference does not invalidate the theory that the Commission is tending to concentrate on markets where competition may not be working as there has long been concern in the Department of Prices about the implications of the British Shoe Corporation having such a large share of the market.) Potentially the Commission could make recommendations about a whole range of delicate issues like margins and discounts and there is still considerable apprehension about exactly what it will do.

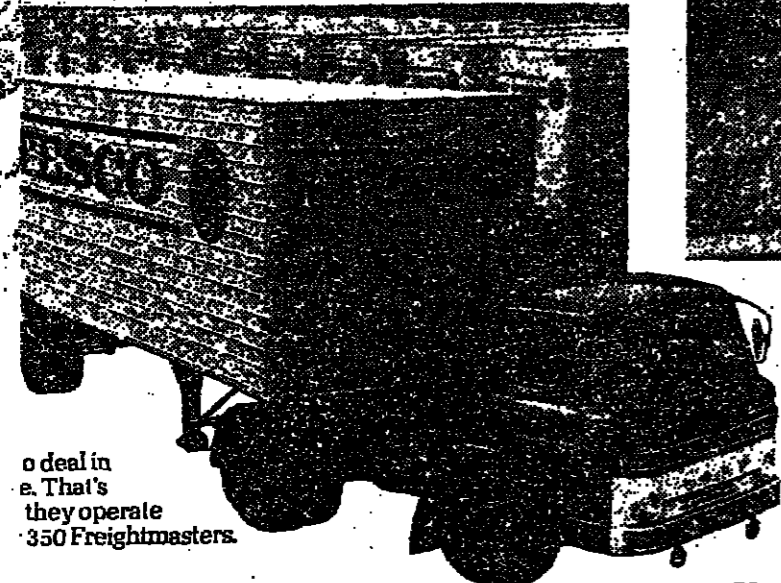
In general, however, most retailers are more optimistic now than they were a year ago. Some, particularly those trading in depressed parts of the country, temper this general optimism by pointing out that unemployment will still be a major factor next year and most stress that any major industrial dispute, like a miners' strike, could play havoc with any forecasts.

The feeling seems to be that the real recovery in demand will not materialise until the second half of next year. Even so, the spring figures may well look more encouraging when compared with this year's very poor first and second quarters. Volume for the year as a whole should show a respectable increase, particularly if the Chancellor stimulates demand further in his April budget. All of this will be a marked change from the trading conditions of the last four years.

York Freightmaster the greatest idea in cutting distribution costs now has Hobo, the greatest idea in cutting running costs.

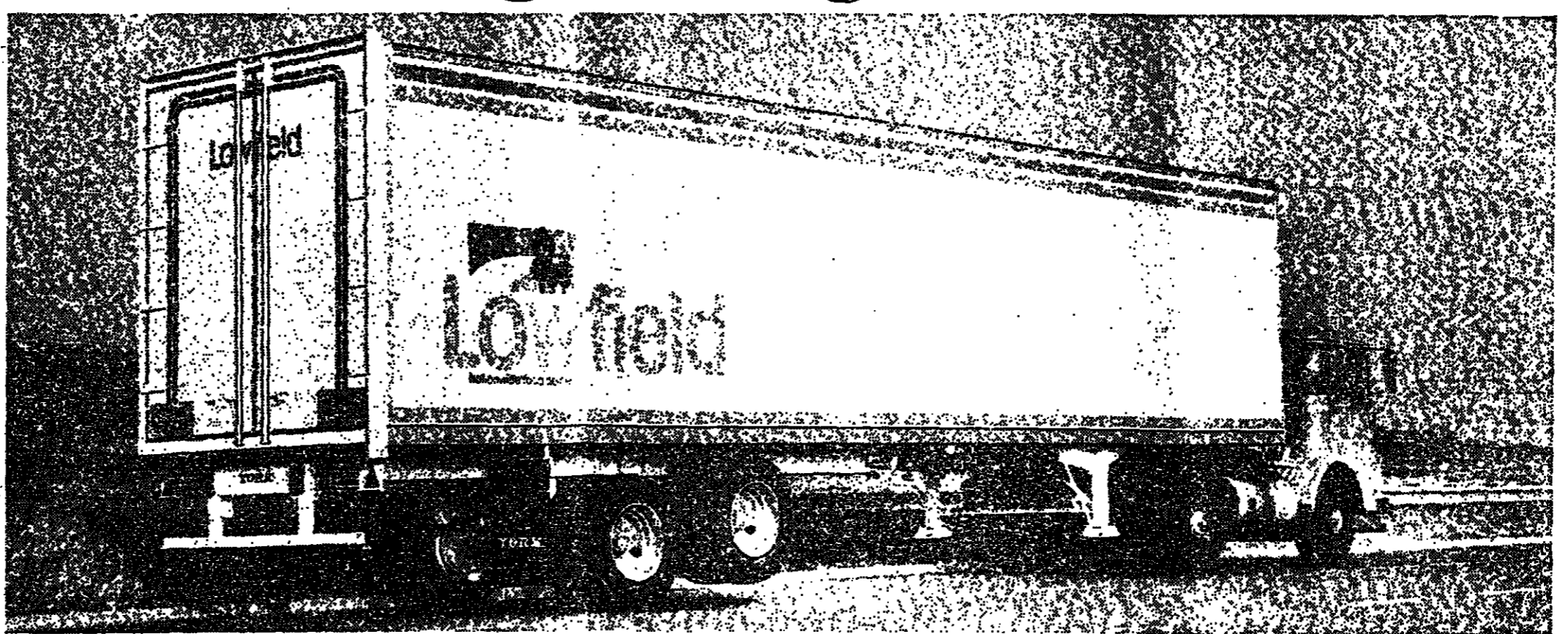
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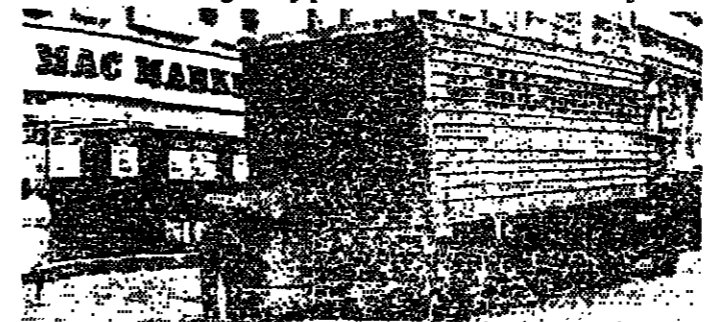
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RETAILING II

Difficult area for the unions

ALTHOUGH the bulk of workers in the retail industry are not due to negotiate a wage settlement until next spring and summer, there seems little doubt—barring a major pay explosion this winter—that the deals will be well within the Government's 10 per cent pay guidelines.

Already wage negotiations carried out by the main union in the industry, the Union of Shop, Distributive and Allied Workers (USDAW), have resulted in a number of 10 per cent settlements. The latest was the 10 per cent settlement for 100,000 shop workers in multiple stores agreed last week after a ballot of members voted two to one in favour of the 10 per cent deal.

The employers' side, representing Tesco, Fine Fare, International Stores, Key Markets, Allied Suppliers and other major groups, originally offered a seven per cent rise in response to a 20 per cent union claim. The increase covers all staff from shop assistants to store managers.

USDAW, with over 425,000 members, is the dominant union in retailing—an industry notorious for its low pay, long hours, and poor working conditions. The union's failure to overcome these basic problems has led to growing criticism by some sections of its membership at the moderate stand taken by the union's leadership, especially Lord Allen, general secretary and chairman of the influential TUC economic committee.

But even the critics acknowledge that the problems of unionisation in retailing are considerable and cannot just be overcome by threatened militancy. These problems can be grouped in three main areas.

First, they cover the structure of the industry, notably the smallness of retailing units, of which there are about 500,000 throughout the U.K. Even where several units are grouped together, such as in High Streets or shopping precincts, the employees often do not see themselves as having common interests.

to unionisation arising from a high level of labour turnover, and the fact that a large proportion of employees are part-timers and women. Moreover, in small retailing units, employees and employers are likely to develop close personal relationships which make it less likely for the employees to see the need for an outside body to represent their interests.

The union believes it is a mixture of these factors which makes retailing a particularly difficult area in which to organise. Especially it is the structure of the industry which provides the greatest deterrent to effective union organisation.

Small shops scattered over the whole of the U.K. make union attempts to contact staff extremely difficult. Even when some membership is established the scatter of small units poses problems for the collection of dues and maintenance of contacts with members for consultation and participation in union activities.

The exception to this general rule lies in the large department stores and some of the multiples where there is a greater concentration of employees. But even in this sector the decline in employment in the Co-operatives, where management is sympathetic to unions, is an adverse factor which threatens their ability to maintain existing membership.

Even among the multiples, the structure of companies can present organisational problems because in many the total workforce is distributed in relatively small numbers throughout the country.

These problems are even more acute when the union is fighting to achieve recognition. Much travelling and concerted recruitment activity is needed to achieve a high proportion of members throughout the company and the holding of meetings, or organising action to support a claim, similarly requires considerable resources of time, money and effort. None the less, within the multiples union difficulties are not of the same order as those faced in the small shop sector.

Union organisation is also hampered by the exceptionally high turnover of employees in retailing. Union membership is easily lost as a consequence of high staff turnover undermining any union organisation that is established. USDAW estimates that it loses no less than one third of its membership each year. In 1973, for example, the union recruited 123,525 members but the net gain was only 1,436.

Turnover

The Bakers' Union also estimates that in South Wales, where their retail members are mainly found, they have a turnover of almost 100 per cent a year. This high rate of membership turnover is almost entirely a reflection of the high labour turnover of the trade.

An USDAW study of membership recruitment and losses surveying 26,912 members who lapsed from its central office administered branches found that almost 90 per cent of the lapses could be explained by labour turnover. The only area where this factor has not affected the union's ability to organise has been stores where closed shop agreements have been negotiated.

The significance of the high proportion of part-timers and women for union organisation is less clear. Some union officials estimate that part-timers and women can be recruited as readily as any other groups of employees if they are working in large units and there are reasonable conditions for organisation.

The multiples certainly have as high or higher proportions of these groups than the average for the trade. The Bakers' Union claims to find women easier to recruit than men in their manufacturing areas.

Nonetheless, these groups do present substantial problems for unions. Part-timers may be difficult to contact by an occasional visit to the store; women and part-timers may have less experience of union organisation or they may see their interests as distinct from other groups of

employees and not be convinced that the union can or will adequately represent their point of view.

Union recruitment is hampered by what seems to be a generally accepted attitude in the industry that in small units neither the employer nor employee is likely to see value in union membership manager with hostile attitude to unions is in a position to make organisation exceptional difficult for his employees.

Set against this background USDAW's 25 per cent merger ship growth over the past 17 years—making it Brit seventh largest union—reflects the extent to which it is overcoming these problems. Moreover, the union is gradually changing its structure to enable more effective organisation creating smaller regions developing its trade organisation.

The union is also fortifying its current recruitment drive and success has come with three significant developments affecting the industry.

The first is the help derived from a growing determination on the part of the Department of Employment to enforce minimum wage levels. Enforced by Wages Councils, Department's inspectors recently been carrying out "wages blitz" on low-paid employers in retailing by towns at random and making spot checks on wage level particular shops. The second implications of equal and sex discrimination legislation introduced last year, because the bulk of the labour force in retailing are women has had a substantial impact.

Thirdly, the obvious strategy of unionising groups of workers in multiple chain and department stores to overcome the logistical problems of negotiating for small pockets of members has given a considerable boost to the Trade Union and Labour Relations Act which made shops legal again, although cannot force employer grant closed shops by law.

David Chur



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Distribution costs in need of scrutiny

THE DISTRIBUTION business is in a state of relative calm at the moment after the shock of energy cost rises in 1974 and the sleepless nights which followed over the next couple of years or so. The basis of the trauma was not simply the rise in energy costs—though that was bad enough—but the necessity to re-think the fundamental principles of distribution and the relationships between its components—transport, warehousing, depot location, materials handling. To take just one example, the increase in fuel costs argued for a larger number of smaller depots but against this had to be set the increased costs of building materials.

But such fundamental re-thinking could only be good. It is precisely this awareness of the relationship between different distribution functions which the PDM "total concept" pundits are constantly advocating, and which they insist is the basis for substantial savings in operating costs.

Nobody really knows the cost of distribution. A survey carried out by Harold Whitehead a few years ago elicited the disturbing information that some quite big companies did not even know what proportion of their total distribution costs is taken up by transport, by

warehousing or whatever. A. T. Kearney estimated that the total cost of physical distribution in the U.K. is 16 per cent of sales turnover—but that was in 1970 and a great many motorways have rolled down the country since then. None the less NEDO calculated that that figure of 16 per cent applied to 1975 retail trade turnover figures, indicated that the cost of physical distribution in 1975 was about £4.4bn.

The National Materials Handling Centre has for some years been urging the necessity for reducing distribution costs, and has indeed also been in the vanguard of the movement for changing a bright light over the whole field of PDM. The Centre thinks that a straightforward cost audit is quite adequate for most companies to assess their distribution performance and cost effectiveness, and to assess the cost effects of varying levels of service, drop densities and customer distance from points of distribution. R. Williams of the NMHC recently outlined the Centre's approach to costing at a conference in London.

In most companies the key cost areas in distribution are associated with buildings and building services, direct labour (order picking and drivers) and the variable elements of vehicle

costs. In Mr. Williams's view it is in these areas that companies should first look for cost reduction, bearing in mind that the two factors, throughput and drop density, are likely to be more significant than any others in influencing costs.

Other items which may appear relatively small—such as equipment or administration or control—may well have very significant cost effects. Using the right equipment in buildings (one of the dominant areas) by an improved use of space and labour can not only contribute to higher productivity but can also reduce costs. An efficient control system can substantially reduce costs by providing the means to utilise all resources—space, labour and equipment—in the most cost-effective way.

Mr. Williams re-emphasises the total systems approach to distribution costing, in order that the ranking of total physical distribution costs can be identified and the inter-relationships of the various cost elements established.

But if the distribution business is currently tranquil, there is considerable anticipation of the opportunities impending over the next few years through improved computer techniques

and their application to distribution. At the moment likelihood is that there will be no rapid increase in the number of hypermarkets and stores, but nonetheless should still be possible increase direct delivery manufacturer to these until all high volume lines.

Bob Beckham of SPD the view that, in parallel with this, there will also be a number of regional distribution centres set up, such as planned or under construction by C. and A. or Woolworth. These developments will be from what he describes as "direct and highly sophisticated" relationships between retailer and manufacturer, in other words, in the interest of the more efficient retailer/manufacturer. This becomes the more flexible retailer will be in optimising the choices open to him between delivery to his own central house and direct delivery branch.

Beckham considers that primary justification for retail central warehousing is on of inventory and quality an element of bulk buy advantage. "All of it

CONTINUED ON NEXT PAGE

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Richard Ellis

RETAILING III

Squeeze on living standards

THE RETAIL TRADE has experienced in the past four years its most difficult period for sales since the last war. The volume of spending in shops will almost certainly this year be below the 1973 level for the fourth year running. Yet there are now strong hopes that the next 12 months will see a recovery in retail sales to above previous peak levels, even if the revival is far from both patchy and lasting.

The extent of the reversal of past trends is reflected in the fact that while the volume of spending in shops rose by more than 10 per cent between 1966 and 1973—and by nearly 11 per cent between 1971 and 1973—sales in the first 10 months of this year were approaching 5 per cent lower than the average of 1973.

The causes can be traced back to the end of the 1972-73 boom and to the sharp rise in oil prices. While the latter had the immediate effect of cutting the external terms of trade and real national disposable income, personal disposable income continued to rise in 1974, by about 1½ per cent in real terms. This reflected the early stages of the 1974 pay explosion when earnings rose faster than the cost of living as a whole.

However, there is a far from exact match between disposable incomes and consumer spending, at least in retail sales. In 1974, the impact of the three-day working week, greater economic uncertainty and accelerating price inflation all combined to produce a rise in the proportion of disposable income saved. Consequently the savings ratio jumped from 11.7 to 14.1 per cent between 1973 and 1974, and consumer spending declined by 1½ per cent in real terms.

In the following year the rate of price increases caught up with pay and real personal disposable income started to decline during the course of 1975, though, was fractionally higher, on average for the year as a whole. Meanwhile, the personal savings ratio edged up again to 15.3 per cent, and consumer spending

dropped by a further one per cent. Although there were considerable fluctuations from quarter to quarter, living standards generally remained at a fairly high level until the middle of last year. Then the combination of pay restraint and the rise in prices caused by the sharp fall in the exchange rate squeezed living standards. Real personal disposable income fell by around 2½ per cent between the first halves of 1976 and this year.

The initial response to this squeeze was a reduction in the savings ratio—from 15.6 per cent in the first quarter to 13.3 per cent in the last quarter—as consumers tried to maintain their spending. However, this did not last long since the further drop in disposable incomes in the first half of this year led to a sharp decline in spending.

Explained

Consumer expenditure as a whole fell by two per cent in real terms between the second half of last year and the first half of 1977, while the volume of retail sales declined by four per cent between the same periods. The difference is explained by the greater traditional volatility of retail sales because of the large discretionary element in, for example, expenditure on durables compared with the considerable short-term inflexibility in spending on housing, oil gas and light.

There have, of course, been sharp fluctuations from month to month and quarter to quarter in retail sales associated with actual or anticipated changes in Value Added Tax. Moreover there have also been significant variations in the pattern between types of shop—partly reflecting the varying relative rates of inflation. For example, the volume of spending in food shops, where price rises have been well above average, is still nearly six per cent lower than in 1973, and five per cent down on 1971.

In contrast, spending in clothing and footwear shops is running at not far below the 1973 level and well above the 1971 figure. Some of the sharpest fluctuations have occurred in spending in durable goods shops—in which sales jumped by 27 per cent in real terms between 1971 and 1973, only to decline by 4½ per cent in the following two years. Spending in durable shops dropped by 7½ per cent between the second half of last year and the first six months of 1977, but has picked-up quite noticeably since mid-summer.

The recovery in the volume of retail sales in the third quarter—up 2½ per cent on the second quarter level with a five per cent rise in durables—partly appears to reflect a concentration of purchases in periods of price cutting and special sales. The tourist boom may also have made a difference, though only in a few areas.

However, the rise in sales in July and August has not been sustained since then and the volume of spending has fallen slightly though it is still much higher than earlier in the year. The retail trade itself seems to be rather more cautious about immediate prospects than a few weeks ago, as discussed elsewhere in this survey. This has occurred in spite of evidence of a recovery in the level of consumer confidence and in hire purchase credit, advanced by retailers.

It is possible that consumers are delaying purchases until they receive their tax rebates and cuts and their pay rises. The fact that many workers are settling much later than usual in the pay round is delaying the recovery in real incomes. Consequently there may not be a significant recovery in retail sales until early next year.

There is, however, fairly wide agreement that both living standards and consumer spending should rise fairly sharply in the next 12 months. The Treasury forecasts published last month projected a 3 per cent increase in consumption

in real terms between the second halves of 1977 and 1978. This was based on the assumption that earnings rise by only 10 per cent in the next year and that there will be no marked trend in the personal savings ratio over the period. The Treasury pointed out that higher savings would normally be expected to reduce the effects of a fast rise in real income; on the other hand, much of the abnormally high savings of recent years may be attributable to inflation, so that savings would tend to fall as inflationary expectations subside.

Savings

The movement of the savings ratio is one of the most difficult economic variables to forecast, and other economists might project a fall in the ratio, leading to a more rapid growth in consumption.

The main argument about the Treasury forecasts concerns the 10 per cent earnings assumption. This is increasingly being viewed as an over-optimistic view and most forecasters outside Whitehall, as well as many officials privately, expect the increase in earnings during the next year to be 15 rather than 10 per cent. While in the longer-term this would lead to a higher rate of price inflation, it would boost consumer spending in the short term.

Stockbrokers Phillips and Drew have forecast on the basis of a 17½ per cent rise in earnings in the next year, and have projected a 4½ per cent increase in consumer spending in real terms in 1978. Retail sales are expected to grow more rapidly—by 5 per cent—reflecting the relatively high proportion of discretionary spending—with sales of alcoholic drinks, clothing and durables growing sharply. The brokers suggest that durable sales could rise by as much as a tenth next year, which is likely to mean a sharp rise in imports as well.

Peter Ridde
Economics Correspondent



As some offset to the decline in domestic consumer spending, West End store groups have achieved a useful increase in export sales.

Distribution CONTINUED FROM PREVIOUS PAGE

advantages," he says, "will be available to the new giant supermarket operators for a wide range of products direct from the manufacturer, and I cannot see them overlooking such an opportunity to reduce their capital investment in warehouses and inventory, or our manufacturers being slow to join them in such an area of common interest."

The most exciting prospects are in the field of computers and electronic data processing, and how they might be applied in distribution. The new generation of systems that will become available in the 1980s should be both cheap and flexible. The market for mini-computers is already well-established; rapidly coming up behind them is the micro-computer. A mini-computer that today costs £10,000 may be as little as £1,500 in the 1980s; a micro-computer costing £1,000 to-day might be selling for a mere £50 in the 1980s.

If this being the case, it seems likely that within the next ten years every supermarket will

have its own computer, and will probably also be running electronic cash registers. The most efficient companies will be combining price code readers with stock control and re-ordering procedures. Inevitably such retailers will be inclined to place their orders with those manufacturers who are willing and able to accept stock replenishment orders on a computer-to-computer basis, to central warehouse or direct to branch, depending on the stock control policies of both manufacturer and retailer.

If there is a certain amount of controlled euphoria over the prospect of improved systems in distribution as a result of all this computer technology, there is apprehension over the problems that will arise as a result of the Government's policy to revive the inner cities, and the likelihood that the major retailing developments of the next ten years will be taking place in cities rather than on the edge or outside town, as looked to be the case ten years ago.

In this context Martin

Foulkes of the GLC, speaking at a conference in London recently organised by the Centre for PDM, was not particularly optimistic about pressure on roads being relaxed. Railways have a limited role to play, although an increasingly important one. For the conurbation the major function of rail is to bring in bulk flows; the trend is to introduce larger depots in strategic locations with good road access so that economies of scale can be fully realised.

Currently only about 9 per cent of the goods flowing into and out of London are carried by rail, and the objective is to increase this by half by the mid-1980s. The inevitable implication of this is that there will be what he describes as "continual over-demanding" of the road network for the foreseeable future.

Studies by various Government departments indicate that of all retail sales, some 60 per cent by weight is food and allied products sold in supermarkets. The studies also show that of all the types and sizes

of vehicle making deliveries to all types of retail outlets, the very large articulated vehicle of over 16 tons gross was almost exclusively making deliveries to food shops and supermarkets. Thus more than half the total weight of retail goods moved into and out of town is food, employing a large proportion of all the juggernauts used in distribution.

The answer lies in two areas—better utilisation of roads and more efficient distribution systems. Alan West of RHM Foods thinks that roads might be better used by a system of segregation, but this must be according to type of use, rather than type of vehicle. The bus lane, in his view, is an unsuccessful example of segregation by vehicle type. But the building of inner ring roads which by-pass main streets can be effective segregation by type of use.

Edward McFadyen
Editor, Retail and Distribution Management

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RETAILING IV

Sector swings and roundabouts

ONE OF the features of the past few lean years of retailing has been the varying fortunes of different parts of the trade. Few sectors have had a good time but some have had a period last year than the average for the Partnership's department stores.

The most obvious example of this has been the tourist business. While some provincial stores have been finding it difficult this year even to beat last year's cash takings, let alone increase their volume, the London stores have, until very recently, been filled to overflowing with pound-happy tourists.

The high point came last November when tourists were being flown in on special shopping excursions to make the best of the weak pound. The result was that some London stores notched up sales increases of the previous autumn of 70 per cent, and over. The Jubilee helped to sustain the boom into the summer when again some of the London stores were able to report sales increases of the previous summer of 40 or 50 per cent.

Since then, however, things have got quieter and according to the director of one London store "the boom now seems to have bust". The slow-down emerged in August when the beginning of the air traffic controllers dispute co-incided with the start of the Moslem feast of Ramadan. News stories abroad about the higher value of the pound probably did not help either even though British shop prices still compare very well with those in other countries.

The result has been that in recent weeks some West End stores have been showing smaller gains on the corresponding

performance of other retailers and the mail order companies, many of which were using very aggressive marketing techniques to boost their sales. In the first quarter, when the value of all retail sales was 14 per cent up on the corresponding period in 1976, the mail order sector showed an increase of 20 per cent.

Selfridges in Oxford Street also says volume is down on last year, while Harrods said earlier this month that it was finding it very difficult to match last autumn's volume sales. Marks and Spencer will not give any figures but the general feeling in the West End is that life has got quieter for everybody.

These figures have to be seen in the light of the exceptionally buoyant sales last November. And even now most London stores are far busier than provincial ones. But for some of those groups which have relied on their West End branches to offset the lower sales of their out-of-London stores, the trend must be a little worrying, particularly as many of them have taken on extra staff to deal with the tourist influx.

The other sector which has clearly out-performed the rest of the trade this year has been mail order, bearing out the old saying that the mail order companies do well when the rest of the trade is in the doldrums. The most recent quarterly statistics show that mail order sales grew much faster in the first six months of this year than those of any other sector. In the three months to the end of June, when the value of all retail sales was only 13 per cent up on the corresponding period last year, mail order sales were racing ahead by 27 per cent.

This marked a further widening of the gap between the

But both the variety stores and the department stores do have one advantage over the specialist retailers. Within certain limits they can adjust the space they give to any one kind of merchandise. The specialist chains generally lack this flexibility.

In some of the categories of merchandise in which the specialists are strongest, sales have been extremely slow. Cash sales of furniture shops, for example, were only 5 per cent up on the corresponding period last year in the second quarter of 1977. Radio and electrical shops did only slightly better and sales through durable goods shops as a whole were only 5 per cent up on the second quarter of 1976, though durable sales have improved since the beginning of the year.

The other category to take a real battering this year has been food. For most of the year volume has been running more than 4 per cent below the 1976 level. Some companies have been able to increase their volume of sales in spite of the drop in overall demand, but for the majority meeting last year's volume figures has been very hard.

Indeed there have been individual retailers who have managed to buck the trend in almost all sectors of the trade. In the same way, some shops have found the right formula for increasing their sales in even the most depressed areas. Some have done this by reducing their margins, others by skilful buying. But in general it has been a slow year for sale and most retailers will be happy to see the back of it. Only those in central London are likely to look back on 1977 with much enthusiasm.

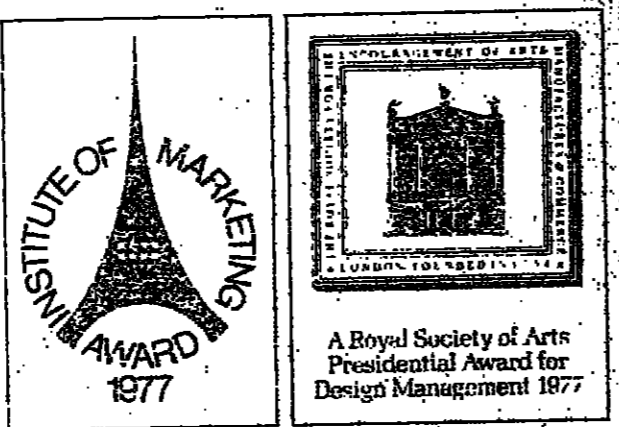
Elinor Goodman



Mothercare goes up to 10 countries.

With the opening this week of the Mothercare store in Brussels, we now have 315 shops in ten countries. Mothercare-by-Post, through its catalogue, serves the mother-to-be and her baby in a further 130 markets.

Mothercare
Everything for the mother-to-be and her baby... and children up to 10.



We have a plan to make you rich

Our Market Plan is a calculated attempt to share the secret of our success. We've grown at quite a rate since we established Makro Self Service Wholesalers here in 1971. Last year, turnover reached £117m. An increase of 37% over 1975. And we didn't achieve that by sitting around waiting for business. On one hand, we offer our trade customers the widest choice of self service wholesale goods in the country, together with special facilities from late night opening to computerised invoicing. On the other, we provide a really professional service for the manufacturer. Who else offers computer analysis of the progress of a product launch? Special areas for promotional displays? Or the opportunity to advertise to up to 160,000 independents by trade or region in a news-sheet like Makro Mail? Our Market Plan gives you the full story, and we'd be pleased to send you a copy. Because we'd like everyone to get richer still in 1978. Write now to Jim Lowe, Makro U.K. Marketing Manager, Emerson House, Albert Street, Eccles, Manchester.

"Successful marketing is basically a question of reaching the right people in the right place at the right time."

makro

Food stores take a hammering

FOOD RETAILERS have probably had a more nerve-racking time in the past six months than at any time since the abolition of retail price maintenance. They have had to deal not only with an almost unprecedented drop in demand, but have also had to adapt to the new parameters of competition set by Tesco when it dropped trading stamps in the summer and adopted a new cut-price image.

The Tesco move has had a ripple effect throughout the trade, as evidenced in recent weeks by statements from companies like Associated British Foods and J. Sainsbury and, most graphically, Wheatheaf's results. The battle is still on and while some supermarket groups query how much longer Tesco will be able to keep up the pressure, the early part of next year could see some casualties among the contenders in the present price war.

For while demand for food may recover next year from its current very low levels, the predicted fall in the rate of food price inflation could mean that some retailers find their costs increasing faster than their cash sales. If so, unless price competition becomes less intense their profits could be prevented from rising and so a more effective way of building volume than trading stamps.

The decision came in May and Tesco announced that it would be switching the 2 per cent or so of sales it had spent on saving sales into price cuts. For Green Shield this meant the loss of its biggest single customer. For the rest of the

price war. The emphasis has been on price cuts, price cuts and still more price cuts. Other factors have counted of course, but some of the biggest sales increases over the last few years have been achieved by those groups offering the lowest prices — Asda and Kwik Save are the two most obvious examples.

Well before Tesco stepped up the price war this summer, most of the established supermarket groups have already started their own chains of discount stores. Cavenham had Presto, Fine Fare had Shoppers' Paradise, and Key Markets KD Discount. For its part, Tesco was also quietly experimenting with a new form of selling in a few stores trading under the name of Adsega.

Limited

These Adsega stores, like the Shoppers' Paradise chain and Kwik Save, offered customers only a very limited range of goods but at heavily reduced prices. The other big differences between them and traditional Tesco branches was of course, that they did not offer trading stamps. The success of the Adsega venture helped convince Tesco that cheaper prices were a more effective way of building volume than trading stamps.

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trade, it marked a stepping up of the price war. In the event, Tesco cut its gross margins by nearly 5 percentage points. It launched an all-out offensive, backed up by an almost unprecedented weight of media advertising and a very skilfully handled public relations campaign. At first most of Tesco's competitors comforted themselves with the thought that the company would not be able to sustain such low prices for long but the Tesco management has made it clear that it is more interested in building up volume this year than preserving net profit margins.

Other retailers have been forced to fight back both with price cuts of their own and increases in advertising expenditure. A glance through any of the popular papers shows just how the supermarkets are fighting it out among themselves. Some groups have accelerated the rate at which they were converting their existing stores into discount operations and others have come up with their own answer to Tesco's "Checkout" prices. Gross margins are generally agreed to have come down at least a point since June and for some companies this has meant a reduction in net profits too.

Sainsbury, for example, implied recently that its margins were under pressure at both the net and the gross level even though it had managed to increase its market share. Other supermarkets have said the same and warned that their results for the next few months could reflect this pressure even more. The big question now of course is what has happened to Tesco's profits and what will happen to them over the next few months.

A survey recently published in Which? magazine demonstrated how some companies had fought back at Tesco. A survey carried out immediately after Tesco dropped stamp showed that the company had clear lead on Asda and Hillard in terms of branded goods and that it was not much more expensive than Shoppers' Paradise, Kwik Save and KD-Discount for secondary brands. In September, however, when a second survey was carried out, Kwik Save had increased its lead on secondary brands, and Asda and Hillard had become as competitive as Tesco in branded items.

As yet few companies appear prepared to concede that they have lost sales to Tesco. Such figures as there are only reflect one part of the total picture but it is clear that Tesco's own sales have shown a massive increase in the weeks immediately following the dropping of stamps. For example, Tesco sales on big volume lines were estimated to be about 30 per cent up on preceding months. This business must have come from somewhere, since the overall level of demand showed no significant change during the period, but virtually every supermarket company likes to say that it is its competitor which is losing sales to Tesco and not itself. The AGB figure which the research company

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مكزامن الاصل

RETAILING VI

Consortium wants a louder voice

IN PUBLIC, all has been sweetness and honey between the Retail Consortium and the Confederation of British Industry over the last few months. Each time a member of one organisation has joined the other—and the balance has been in the CBI's favour—both sides have put a smiling front on the news and stressed that not only is dual membership of the two organisations perfectly compatible but that it will actually serve to strengthen both bodies.

But behind the scenes, there has been a great deal of manoeuvring which has at times resulted in some soul searching discussions over exactly what the Retail Consortium should be trying to do. Though there has been no animosity between the leaders of the two organisations, some individual members of the Consortium have resented what they have interpreted as the predatory attitude of the CBI towards increasing its retail membership.

The debate is not over yet. If the CBI were at some stage in the future to be transformed into a loosely knit Confederation of British Business, as has recently been canvassed, the whole issue of the Consortium's role could be revived. The question is whether the Consortium can provide its members with the service they want on the relatively small funds they are prepared to provide.

Worrying

The new system of Price Commission investigations, which this year was introduced along side margin controls, is certainly worrying to retailers because of the added element of uncertainty. But just because it is so vague, it has not, in the last few months, at least, raised passions in quite the same way as the old Code did when it was first introduced. It may yet prove a highly contentious subject when the Commission's first recommendations start appearing and will be interesting to see whether the trade leaves it to the Consortium to make representations on them, or whether the individual members prefer to negotiate separately.

There are of course numerous other issues—like VAT, metrication and consumer protection in general—which impinge on all retailers. But there is a tendency for the individual members of the Consortium to prefer to take some of these up themselves rather than leaving it to the Consortium. It is almost as if they fear they will lose their own right to exist if they involve the Consortium too much.

The Consortium only seems to get really involved either when the questions are of such deep concern to the individual trade

Refuge

If the answer is no, then the Consortium may yet have to take refuge under the Confederation's umbrella—provided of course that it is guaranteed some degree of autonomy which some of its members regard as essential.

The Consortium was formed in 1967 by a partnership between the Co-operative Union, the Multiple Shops Federation, and the National Chamber of Trade and the Retail Distributors' Association. It was not until 1975, however, when a new director was appointed and the Consortium moved out from under the wing of the Multiple Shops Federation that it began to be regarded as anything like the united voice of retailing.

The unifying force at this point was the Price Code, in which the retail trade was strongly annoyed. Although the CBI shared this conviction, the presence of manufacturers and wholesalers—who were treated differently under the legislation—were not always the same and there were marked differences in some points of detail.

Throughout the four-year life of the Code, during which it was periodically revised, the Consortium provided a focal point for retailers' anxiety about the legislation. It lobbied extensively—and on some points successfully—for changes and partly as a result of these negotiations became recognised by Whitehall as the voice of retailing. Indeed in some ways the increased status of the Consortium was welcomed by civil servants as it short-circuited the kind of time-consuming consultations with individual trade associations which might otherwise have been necessary.

The only major gap in the Consortium's coverage of retailing was the absence of the big voluntary groups in its line-up of members. They had preferred to join the CBI and the Consortium was occasionally irritated by the way the leader of one of these voluntary groups—Mr. Michael Reynolds of Spar—occasionally took it upon himself to talk to Ministers direct.

On most issues which affected both retailing and manufacturing the CBI and the Consortium had informal contacts with each other. But following an informal "hand-off" agreement between the leaders of the two organisations the CBI did not try to recruit the Consortium's members.

This agreement came to an end this year. Mr. John Methven, the new Director General of the CBI made it clear soon after taking the job that he wanted to expand the Confederation's base and that this might include trying to recruit new retail members. Some of the Consortium's members saw this as little more than a fund-raising exercise by the CBI. But others felt that it was right that the Confederation should be seen to be supported by retailers. After all, it was argued, retailers were very big employers, who had much in common with other big companies.

In particular some of the bigger retailers supported the CBI's campaign against the Bullock Committee proposals for industrial democracy. Though the Consortium made its views known on the subject, it was the CBI which led industry's campaign against the proposals.

Partly as a result of the focal point provided by Bullock, various ideas for creating closer

tops for shops

The firm's knowledge of shops, stores and shopping centres, large and small is unrivalled. A continuous study of shopping patterns, habits and trends in retailing is thoroughly maintained and the services offered to clients regarding shop property are completely comprehensive.

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The Co-op Difference

The Co-op has been around for a long, long time. We're so familiar that people take us for granted. Like the Post Office. Or their local pub.

Walk down a village street. Browse in a busy shopping centre. Or drive along a motorway. You'll see Co-op signs everywhere. After all, we're Britain's biggest retailer. We're serving the public over counters everywhere. Delivering milk to almost a third of the country's doorsteps. Farming a bigger acreage than anyone else in Britain. Providing more meat for Britain's tables than anyone else. We've got the largest number of off-licences. Freezer Centres too. And we run a very special kind of banking service that keeps shopping hours, not banking hours.

The Co-operative Bank is also the only clearing bank that offers genuinely free banking.

So the Co-op is different, in more ways than one. But here is the biggest difference of all.

Like any other retailer, we make price cuts. But because the Co-op is owned by the people who shop there, we share profits with customers too. Two-fold help in the battle to ease the cost of living. Last year, for example, we gave back over £30 million in dividends to Co-op shoppers.

You might think that's a bit unusual. To us, it's just one way we translate Co-op philosophy into the context of present-day trading. It's the Co-op difference.

Your caring sharing Co-op 

Suddenly, everybody is re-discovering the importance of the small business man

At Spar, we never lost sight of it.

The small business is suddenly news, receiving the attentions of both the Government and the C.B.I.

To us, the importance of the small businessman is fundamental.

Most of our 4,000 retailer members fit that description—each an individual entrepreneur, taking risks, making judgements, grasping opportunities presented by day to day events in the market place. Yet it is they, together with our 18

Spar wholesalers, that make Spar Britain's largest and most dynamic independent food distributors.

The effectiveness of this community of small businesses is such that Spar, part of the largest retailing organisation in Europe, now enjoys a U.K. turnover of £450 million.

A tribute to the individual enterprising spirit of our members and the strength of our collective will.

SPAR 

مركزنا للأعمال

RETAILING VII

Hypermarkets and the inner cities

WHEN A matter of weeks or... the Department of Environment will issue an... note to local authorities...

under the Carrefour name... hopes to have the building open... for trading by late Spring...

proven facts. None of the dozen... or so hypermarkets which have... managed to get off the ground...

present this is very far from... the truth, as Wheatsheaf's... recent interim profit figures...

months, though the company... now claims Minworth is break... ing even.

site near a major road network... would be the obvious desira... tion but such are hard to find...

terested. So if and when the... matter comes to a head the site... may well be offered by tender.

What all this suggests is that... Britain's local authorities are... determined to protect the inner... shopping centres of their towns.

Christine Moir

Brakes

Moreover, the brakes still... seem to be more often on than... off if the latest round of dec... isons from the DoE is any... thing to go by.

Donaldsons, the surveyors... and estate agents, which has... been monitoring the effects of... the Caerphilly store since it... opened, has produced detailed... evidence which should have... allayed the worst fears of the... planning authorities.

Monitoring

The same firm, Donaldsons... has also been monitoring the... results of planning applica... tions for hypermarkets around... the country and the evidence in... these studies bears out the... opinion that the brakes are still... on.

A further 12 applications are... awaiting decisions, of which... half have already been the... subject of public inquiries super... vised by a DoE inspector. Study... ing the latest series of refusals... and the change in traffic pat... terns and the change in traffic... patterns and the goodwill of... local planners.

That is the way it has been... since the first sites were chosen... and the first applications made... back in 1972, or thereabouts.

One reason for doubt on this... score may be the result of the... three governmental studies on... prices at hypermarkets which... have apparently been indeter... minate except that they have... shown ASDA to offer consist... ently lower prices than other... hypermarket operators.

At the beginning of this de... cade those fears seemed not... substantial. To-day they appear... to have become part of conven... tional wisdom rather than... ing a licence to print money. At... Tesco became the leading...

LAST YEAR nine of the top ten... biggest advertisers in the U.K... were retailers. Boots headed the... list, based on MEAL figures, with... an expenditure of £4.26m., fol... lowed by the local Co-op socie... ties which invested £4.03m.

Then came the national Wool... worth campaign at £2.97m., and... the Co-op national advertising... which was £2.81m. Only in fifth... place, with the Leyland car... range, did a non-retailer appear.

It was a similar picture in... 1975 and it is unlikely that the... final figures for 1977 will be any... different. Indeed, if anything... the retailers are spending more... this year. Only last week Wool... worth announced that it was... taking two minute nationwide... commercials during the top... viewing programmes, such as... the England-Italy match and... the Silver Jubilee Gala, to get in... its pre-Christmas sales message.

Of course retail advertising... is not quite what it seems, for... it is the suppliers that contri... bute around half the total ex... penditure. As retail competi... tion gets keener, and the bigger... units grow at the expense of the... smaller, the power of the multi... ple group vis-a-vis its manuf... acturing suppliers intensifies.

Higher advertising from re... tailers is not just a British... phenomenon—it is also happen... ing in the U.S., and is part of... the move towards depersonal... ised shopping. In effect adver... tising is informing the shopper... about products and is taking... over from personal in-store sell... ing. In the U.K. the advertising... budgets are comparatively... greater because of the domina... nance of the multiples, and in... the next few years they are likely... to use advertising as a major... weapon in deciding who survives... in an industry with very narrow... profit margins, too many outlets... and a long tradition of competi... tive trading.

Among the top advertisers

they would try and force a... blanket approach on advertising... which needed to be run on a... local level. Now they are... entrusting their big budgets to... the big agencies. In May Sains... bury moved its enlarged spend... ing—£1m. this year—to Saatchi... and Tesco has just switched... most of its £6m. to Universal... McCann. Other big retailers... made the move earlier—Wool... worth is with Allen Brady... Marsh and Fine Fare with Collet... Dickenson Pearce.

But so far it is mainly the... grocery retailers who are using... mass TV campaigns prepared by... the top agencies. In consumer... durables, where goods are not... bought on impulse, or very in... frequently, the manufacturers... still believe they know best. In... clothing too, major advertisers... like C & A prefer to handle their... own advertising, and three of... the top ten largest 1976... spenders, Williams Furniture... Allied Carpets and MFI, favour... an advertising approach which... is similar to the street-traders... patter, but writ very large on... the TV screens.

But at least these sceptical... retailers use advertising, unlike... Marks and Spencer which on... sales of around £1bn. spends... well below £1m on advertising... and then only for very specific... projects like new store openings... or to launch a new product.

Last year, for example, it... advertised its gift vouchers... before Christmas, but it does... not intend to repeat the exer... cise. The advertising success... local level. Now they are... fully established the vouchers... so there is no need.

This year Marks and Spencer... is promoting its entry into... toiletries, but if sales are... target the advertising will cease.

Grocery

But Marks and Spencer is... likely to remain the exception... While retailers can get their... suppliers to finance much of the... advertising, expenditure will... grow. At the moment the mar... keting approach rather re... sembles a blitzkrieg; mass... budgets are used to achieve... mass impact. In the next few... years the retailers will decide... whether to go for corporate cam... paigns, selling their own image... or continue with price cutting... offers. They will learn how to... divide their spending between... national and local advertising;... and they will discover what... agencies can offer as against... their own trading knowledge.

Retailers are now the best... friends of agencies but there... will be many rows before the... partners settle down to a happy... marriage.

Anthony Thorncroft



Bright as a button.

Frances is more than just a pretty face.

At Underwood we choose our staff carefully and... train them thoroughly to ensure they are familiar with the... products we sell. We also offer them opportunities for... rapid progress—to us, work should be rewarding as... well as fun.

Our new stores are bright and exciting—laid out... for your convenience and designed in a colourful, lively... way that makes Christmas shopping a pleasure.

In our larger London stores we sell everything... from French perfume to Hi-fi and TV,

UNDERWOOD

casual clothes to cosmetics, electrical goods to sports... equipment. All our stores offer competitive prices—... Underwood believe in value for money.

For overseas visitors we have over-the-counter... tax-free export schemes and 'no fuss' currency changing... facilities—an example of our total... concern for service.

Pop into Underwood this Christmas—... you'll find it's right on the button.



Shopping through the Century



1976 Woolworth's new store at the Gracechurch Centre, Sutton Coldfield - let to the Company by Hillier Parker on behalf of The United Kingdom Provident Institution

1909 Woolworth's first sixpenny bazaar - Church Street Liverpool - Acquired for the Company by Hillier Parker

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RETAILING VIII

Co-op restyles its image

"THE CO-OP DIFFERENCE" is the slogan with which the Co-operative movement will be launching itself into 1978. Like its last two annual advertising campaigns—"the caring and sharing Co-op" and "It's all at YOUR Co-op now"—the aim is to promote the image of the organisation as not just another multiple retailer anxious for maximum profits but as a consumer-orientated movement with a philosophy behind it. This manifests itself, for example, in the way profits over and above the sums needed for investment are returned to the customers, in the way small neighbourhood shops are kept open in part, at least, as a social service, and in the movement's involvement in community affairs to varying extents.

This approach epitomises the essential dichotomy of the Co-op. On the one hand it has suffered severely from the growth of the multiple groups in the last couple of decades and has had to fight back using their weapons. It has closed thousands of small stores, built many new big ones, largely scrapped the old-style "divi" in favour of stamps which, despite theoretical differences (and one practical one in that they can be exchanged for goods in stores rather than special redemption centres), are to customers much the same as other trading stamps, and modernised and streamlined its operations generally.

On the other hand it is not a

multiple group but a collection of 210 separate retailing organisations, some tiny and some very big, linked through their membership of the Co-operative Union, the movement's central co-ordinating body, and through their common ownership of the Co-operative Wholesale Society, its central buying and manufacturing agency.

Each is autonomous with its directors elected by those of its customers sufficiently interested first to join their local Co-op and then to vote. Each makes its own trading decisions in as much isolation as it wishes from the rest of the movement it is doing. The annual Co-operative Congress, at which each retail society is represented along with the movement's other arms such as Co-operative Insurance and the Co-operative Party, is the supreme policy maker, but the movement's whole nature has meant that meaningful decisions on trading strategy have been rare.

Survived

Given this—and that less than 10 years ago there were 540 retail societies—the surprising thing is perhaps that what basically is a collection of medium and small store groups (though again some societies are very big) has survived to any extent at all in the face of the onslaught from the Sainsburys, Tescos and other multiple groups. Yet not only has it survived: it is to-day stronger than at any time in the past few years.

Its share of retail trade is around 7.3 per cent, with sales last year of £2.4bn, after having slipped well below the 7 per cent mark in the mid-1970s. On groceries alone it accounts for very nearly £1 in every £5 spent, although the Tesco decision to drop Green Shield stamps and to concentrate on price-cutting, and the High Street war which has followed, has knocked the Co-op temporarily down to 17.4 per cent in June and July. Its mem-

bership, at over 10m, last year, has risen for the first time since 1966 (when it was over 13m.) while its share capital, subscribed by members, at the end of 1976 was £153.8m, up for the third year running and the highest total since 1970.

These figures are the result of the big changes in Co-operative trading over the past 10 years, starting with the so-called Operation Facelift which aimed at both modernising stores to put the Co-op outlets on a par with those operated by its rivals and give the movement a national identity through such things as the production of a common logo. The merger of societies, often from weakness when a society was faced with the choice of ceasing to trade or joining a bigger neighbour, but also in less forced fashion as well, has been another major factor. The merger of the CWS with its former Scottish counterpart following the latter's crisis, as a result of losses on the money markets, was also important in giving the wholesaling, manufacturing and farming arm more muscle (it also, incidentally, made the CWS a major retailer in Scotland, where the former Scottish organisation had long been established as a store owner).

These and other changes have to a considerable extent been spearheaded by the CWS, often to the resentment of retail societies concerned—first about their own autonomy, and secondly about the effect of economies of scale on the Co-op's traditional consumer democracy. Yet such was their financial state and their need for cash for development, which was virtually only the CWS could supply (especially with the Chief Registrar of Friendly Societies' decision to drop Green Shield stamps and to concentrate on price-cutting, and the High Street war which has followed, has knocked the Co-op temporarily down to 17.4 per cent in June and July. Its mem-

bership, at over 10m, last year, has risen for the first time since 1966 (when it was over 13m.) while its share capital, subscribed by members, at the end of 1976 was £153.8m, up for the third year running and the highest total since 1970.

Its superstore development has been of more than usual importance, for they have attracted younger and more affluent customers, according to Co-op surveys, than those usually using standard Co-ops, giving the movement a chance to move away from its image as a downmarket organisation catering in practice largely for older people.

Yet with all this success revitalisation, one great deficiency stands out; there is no coherent trading plan. The Co-op has repeatedly notched up successes in persuading the large part of the movement to act in unison; its recent action obtaining sweeping reductions in Co-op tea prices is one example. But repeated attempts to draw up a national agricultural strategy have failed. Thus the dream of a couple of do regional societies is as far as ever despite the evidence of trading success provided by a few very big societies. And trade has improved, merely activity generally has slowed.

Similarly, proposals for amalgamation of the Union: the CWS to give the overall direction of affairs more hereafter have recently been dropped following a referendum among societies. The results achieved in the present constraints detract just how much the potential the reforms sought, some of its leading members could be implemented. At the same time there is no doubt that there is a real and admirable Co-op difference: the customers, concerned with prices and quality if anything else, is an unquestionable fact.

David Wall

The small shopkeeper

IT HAS BECOME increasingly fashionable of late to take up the cause of the small businessman. This often refers to industrial projects and the Government funds which have been made available are principally to help cottage industries.

But it has at last been recognised that if the many thousands of small businesses up and down the country are not only allowed but encouraged to flourish then the increase in employment opportunities can make a serious contribution to the unemployment problem.

Both industrialists and politicians have called for a lifting of some of the restrictions so necessary on big business but so crippling to the tiddlers. And this easing of restrictions is as important to the small shopkeeper as it is to the owner of a small engineering shop or service company.

The increased involvement of the Government in a counselling service for small firms to begin operations on a regional basis from January next year is proof of the will to nurture Britain's seedbed businessmen. At the same time modifications to the capital transfer system are promised in the next Finance Bill to be backdated to this year. Customs and Excise is working on a plan to ease the VAT structure. Other tax changes are in the offing.

In the past year the small shopkeeper has seen some improvement in fortune, though many of the underlying problems remain. The share of the independents continues to be under attack as it has been since the 1950s, when super-marketing began to make its presence felt. Since then the pattern of "bigger equals better" has been firmly set, with the possible exception of the slow-to-mature hypermarkets. Price competitiveness was further hotted up this year with the dropping of Green Shield stamps by Tesco. Its determination to re-establish itself as the most aggressive retailer in the High Street showed clearly what one of the major groups considered is a continuing top priority.

helped a little by the economic squeeze of the past two years as customers thought twice about taking the car for a ten-mile run to save a few pence on groceries, and the ability to buy in bulk was curtailed. With the prospect of an improvement in the economy the small retailer can only have mixed views.

Secondary

The abiding problem with High Street property prices, rents and rates can only get worse in a period of prosperity. There is already considerable uniformity about Britain's High Streets and the small man is likely to be pushed into more and more secondary sites if property speculation and investment takes off again.

However, the independents still have close to 80 per cent of the outlets, though they take only about 45 per cent of total retail spending approaching £35bn a year.

It is among the specialist shops that fortunes have waxed and waned. While some, such as bakers or delicatessens, have traded on being chic, and have thus become very profitable, many others of the old fishmonger and greengrocer variety have found it increasingly difficult to keep going.

As supermarkets have taken on more and more functions and relied on attractive packing rather than service and expertise the trading problems of these specialists have increased. They are often viewed very sentimentally by the buying public, but unless the housewives are also willing to vote with their purses, goodwill adds little to real profits.

much to their own lines, though there has always been a cross-fertilisation. The most ambitious re-group in its bid to crowd in more types of goods on its shelves has been the confectionery, tobacco and newsagents. CTNs have taken a lot from the old corner grocer shop as the place for the mingling chat.

Although they continue to complain about the supermarkets selling magazines, there are a few fears about buying power of the big retailers in the continuing or sensitive cigarette market. It themselves have proved a threat to the toy industry, having led the development of proved packaging for toys.

They too are able to do some buying muscle, through group purchases of tobacco, sweets and many other goods, now more like a general store than the rather hazy places of 25 years ago.

Some small retailers, however, remain dominant in their field, particularly those dealing in small, high value goods in jewellery and leather. Children's wear, sports gear and radio and electricals are also managed to hold off the challenge of the department stores and multiples. But wear and furniture are still clinging as the province of independent and even some of the multiples in those sectors are in a less than happy state following two years of sagging sales.

While there has been some relief on the VAT front and long and loud complaints about Capital Transfer Tax are at hand, having some effect, retailing again faces over the next months further wage rises which could have a dramatic effect on profitability. Shop assistants are still off part-time, and in the lower income brackets, but where the retailer is struggling the casualty can be staff. So retailers are looking for a strong run up to Christmas '77 as a basis for recovery. With borrowing rates down and the prospect of improved earnings ahead, small shopkeepers will be hoping for their share of the Christmas cheer.

Stuart Alexander

THE MASS MARKET PACKAGE

If you are a retail advertiser, you're after what we already have. The mass market. People who spend and spend not just on the weekly necessities - but on luxury items too. Just look at our coverage of some major retail spending categories during the last twelve months.

We have more to offer, though, besides big spenders. Our media targeting facilities, for example, are the best available in any one media house.

We also cover heavily in merchandise - we can provide staff motivation schemes, consumer incentives and practically every below-the-line operation you'd care to name.

Another notable aspect of the Daily Mirror is our very close relationship with our readers - and the assistance we give them on retail matters. We help you. Here are some of the regular retail features our readers see:

- SHOPPING CLOCK** The very well-known gauge of current food prices. Why retail prices change.
- SHOPPING WATCHDOG** When our readers cry for assistance on consumer problems, we answer.
- DO IT YOURSELF** No other national newspaper has such a regular feature on this very important area.

And side by side with our editorial team come their advertisement sales counterparts. You probably know them already. They form the leading retail sales team in national media, the men who can marshal all our resources for you.

They're here to help you - and tell you a lot more about us.

Bob Day, Retail Sales Executive

Chris Candish, Retail Development Executive

Ron Oswald, Retail Sales Team Manager



Wanted: a laboratory for reform

FORD Foundation plan to take funds into a new Institute for the study of economic and social policies "European Brookings" and forward this week-end to Sir Claus Moser, head of British Government Statistics Service, and Mr. Bernard Donoghue, senior policy adviser to the Prime Minister, to Paris to attend a small meeting chaired by Mr. George Eady, president of the Foundation.

A few of the others present, including M. Jean Claude Mova, of the French Prime Minister's office, and two Dutch representatives, could, like the LSE, be called "official" — most of the rest were not connected with their national governments. These others are: Dr. Herbert Giersch, director of the Kiel Institute in Germany; Mr. Alexandre Malassy, a Belgian who is the monetary and economic department at the Bank for International Settlements in Basel; an Italian economist, Sig. Giorgio Pua, Mr. Daniel Tarschys, of the University of Stockholm.

Before explaining the significance of this little meeting, I would tell you how the story started. A good beginning is made in the amount of January 1976, when the Director of the London School of Economics, Professor Ralf Dahrendorf, made public an idea he had been discussing with Donoghue, the establishment of a new centre for research into Government policies.

The implication was clear: to replace existing institutions which there are about 100, on which every fiddler were good enough. Their research is not of top quality, and it is not aimed at producing policies that Governments could take seriously. In Washington the Brookings Institution does turn out high-quality work that U.S. administrators do take seriously. The Dahrendorf proposal was quickly called the "British Brookings".

Since then it has run into a number of difficulties, and caused no end of trouble. Professor Dahrendorf calls the suggestion his "MIRV" — after "multiple independently targetable re-entry vehicle" — but perhaps "MERV" — for "multiple practically targetable" — would be better. He would argue that what has happened since he launched his rocket could have been planned.

First, the LSE itself failed to win the necessary funds to set up a Brookings on its own premises — in empty space in its newly-acquired library building. It has not stopped trying, but it seems that those who were asked for money were attracted by the idea of funding another LSE research department under the guise of a wholly independent venture, which is how it looked to some of them. That part of the MERV failed to strike home.

Second, the Social Science Research Council, one of the five research councils funded by the British Government (that is taxpayers), announced in July that "a new research institute for policy studies may be founded in Britain." This was the result of a strong initiative by the Chairman of the SSRC, Mr. Derek Robinson, who seems to believe that only something completely fresh will suffice. That part of the Dahrendorf MERV exploded all right. Its targets (unintended, says Mr. Robinson) are the five-year-old Centre for Studies in Social Policy; the National Institute



Mr. Derek Robinson



Mr. Bernard Donoghue



Prof. Ralf Dahrendorf



Mr. McGeorge Bundy

for Economic and Social Research, which pits its economic forecasting abilities against those of the Treasury; Political and Economic Planning, which is now approaching its half-century, and whose prestige has had its ups and downs; and the Royal Institute of International Affairs, or Chatham House.

What worried these four institutions was that the SSRC plan would mean that there would be more people fighting for the available funds, and destructive competition for the services of people of high calibre. Their most recent meeting, with Mr. Robinson, last week, was not pleasant, and it does not seem to have resulted in any progress.

The money problem is worth examining. The SSRC version of a "British Brookings" would cost at least £5m., in the form of a commitment of £500,000 a year for ten years from all

sources. That is the SSRC view; opponents put the figures at £7.5m. or £750,000 a year. The SSRC itself proposes to put in £2m. of this, and it believes it will get a further £1m. from the Ford Foundation. That leaves another £2m. to £4.5m. to find, depending on whose figures one accepts.

The four institutions maintain that nearly all of this money would be taken from them. One of them, the NIESR, is apparently being given a lower grant by the SSRC than it has asked for, with a guarantee of only two years and not the five it requested — and Mr. Robinson's opponents point out that the proposed provision to the National Institute just about matches what the SSRC proposes to put into its own "British Brookings".

This is serious for the

open question is what its quality would be.

It will be noted that I have not so far mentioned any American money save for the £1m. that the SSRC is hoping to extract from the Ford Foundation. The reason is that the U.S. foundations have in practice withdrawn from the British market: there was a time when both Ford and Rockefeller helped the NIESR, among others, but the message from New York has long since been that this kind of thing should be financed locally.

So it should. The petty squabbles I have been describing are unimportant: what matters is that those who pay for such things — Governments and private companies alike — should understand their value. Professor Dahrendorf and Mr. Donoghue were right: we do need a more practical, higher-quality institute for policy studies than anything that now exists or can be found on the drawing-boards. By its nature, any such organisation will be counter-revolutionary, since its studies will be based on empirical research.

Potential donors should not miss the significance of this. The capitalist system may not be dying on its feet, but its opponents like to believe, but it cannot survive unless it promotes continual reform. Without such reform it would not have lasted as long as it has. Research institutes of the kind I have been talking about are in essence laboratories of reform, even radical reform. Those who are asked to support them need to understand as much.

I do not know if any such calculation has ever crossed the mind of Mr. McGeorge Bundy, but it is clear that he told the participants at the week-end meeting that he himself was fully behind the idea of a European Brookings, something that would be more imaginatively funded than the modest organisation proposed by the SSRC, and — one must hope — more rationally conceived than the nervously-created new PESP. All the participants in the Paris gathering were there in their personal capacities; none directly represented Governments, but they will no doubt help to spread their own positive message to the French Prime Minister, the British Prime Minister, and so on. Now the Ford Foundation will be writing direct to Governments and convening a fresh conference early in the New Year to discuss detailed proposals. It wants the initiative to come from the Europeans, and will try very hard to bring that about.

We could of course have both a British and a European "Brookings," if the money could be found. Both would be more than mere academic institutions. One of Brookings' strengths in Washington is that it is possible to hope for the chance of carrying out in Government the policies one has designed as a researcher. This might at least half-happen here, if the system of political advisers to Ministers develops far enough. Another strength is Brookings' ability to attract the best people, pay them enough, and leave them to work on subjects of their own choice, unguided by any higher authority. Could a British or European administration be as self-restrained? Would the money be there? The most important targets of the Dahrendorf MERV have yet to be reached.

Letters to the Editor

Sucking in imports

Mr. J. Sheldon.
Sir, — As Peter Riddell's report (November 15) so ably demonstrated we are once more at that stage in the economic cycle where the careful husbandry of resources is about to be swiftly rown away on an imports omnibus.

We all know the story: the importer gets increasingly tied about the persistence of high level of unemployment, freed from currency restraints of payments restraints, legged on by union pressure, reduces more and more sticky measures to stimulate the domestic demand. Since U.K. manufacturers are cynical about long-run they do not increase activity and the result is a huge rise in the amount of consumer goods imported into the country.

The story will have its inevitable ending of savage deflation, which this time will be all the more tragic because we shall be thrown away our oil surpluses and miss a glaringly obvious opportunity to prevent whole dreary episode.

The opportunity stems from the fact that U.K. income taxes on average nearly twice as high as in Europe at 10-day's exchange rates (notwithstanding Royal Commission's recommendation on comparative taxes on the halcyon days of 1950), whereas U.K. indirect taxes are roughly half the European average. It could be extended by halving income taxes doubling indirect taxes, though this would be an elaborate check to short-termism, including imports, it would be a tremendous relief in people's willingness to invest and in their ability to do so. Moreover, we should no longer be the cheapest centre of Europe at expense of our income tax.

The Chancellor wanted to see tax as well as switching sources, he could couple the shift with big investment incentives designed to last for years in the next year.

He could then promise to let the money go into incentives to a reduction of the higher VAT rates in one year's time, thus stimulating demand that new demand would be there to make the investment more worthwhile. It is part from the merits of the shift to direct taxes, which all parties support but none does anything to, the measures would give country a positive sense of economic purpose so far afield lacking.

R. Sheldon.
Stafford Place, S.W.1.

show sliced up cakes in their employee accounts actually make cakes?

Presumably Mr. Scott owns some or all of his company, too. If Alf Gooding and John Scott decide to float their companies one day I know whose stock I shall buy — if I have any income (earned) left to invest.

J. Leigh Pemberton,
Whitman Reeve Angel,
Springfield Mill,
Maidstone, Kent.

Taken to the cleaners

From Mr. M. Hewitt.
Sir, — Men and Matters (November 17) reports that Prime Minister as saying that Mr. Alf Gooding paying £82 less tax this year could, at £80 a time, have quite a lot of suits made. Surely he meant dry cleaned?

M. C. F. Hewitt,
Parvus House, 62 Finsbury Park,
Canford Magna, Wimborne,
Dorset.

Self-sufficient in timber

From Mr. R. Neale.
Sir, — While agreeing with Mr. Cooper's plea that Government should do more for the forest industry in this country, there are two points which should be made concerning his letter (November 15).

Mr. Cooper states that timber and wood product imports now exceed £2bn. Although this is quite correct, it should be stressed that this figure embraces all the forest products, including pulp, paper, newsprint, etc., and not just timber and wood products, which to most people mean the wood we use in house-building, furniture and similar products.

Leading on from this, Mr. Cooper implies that it is possible for this country to become self-sufficient, or largely so, in these products in a relatively short period of time, if his figures of 8 per cent annual increase on the current 8 per cent share of total production were taken at their face value, allowing for an annual market growth which would be somewhat below this 8 per cent annual increase figure.

This, along with similar discussions over the past few years, greatly over simplifies the problem and should not be used as a basis for future plans. It is not practical to assume that a country can ever be self-sufficient in these products. The faster growing tree in the U.K. to which Mr. Cooper refers does not, for example, produce a sufficiently high quality wood to replace some timber now imported from the more temperate countries where trees grow slower. Certain of the mass-produced forest products could not be produced here for various reasons, among which are scale of production, raw material availability in concentrated areas and cost. It is more realistic for this country to assume that a proportion of our requirements (quite a high one) will always have to be imported.

Government and those concerned in the industry should establish the quantity which will always have to be imported, and then consider how this could be replaced by alternative raw materials (straw waste, for example) and thereby the actual forest area necessary and practical for the country to supply the balance, or part of, in the long term. Government aid, in whatever form, should then be based on this figure and ensuring it becomes reality over a fixed timescale. Maybe this has already been done somewhere, but if so, I am not aware of it and contributors to the long-lasting debate on

Sweden's forest industry

From the managing director, Stora Kopparberg.
Sir, — I feel that the report (November 11) of my speech at the British Wood Pulp Association meeting gave a somewhat cursory account of what I really said. I was mainly concerned with two reasons for the current problems of Sweden's forest industry.

The competitive position of Sweden's exports has weakened because of high costs resulting from the crisis and high wages. It is wrong, however, to assume that the forest industry has got into a permanent state of crisis. These high costs will be corrected by forceful measures and our competitors in other countries with "twilight" economies there are wider price fluctuations because free market forces have lost some of their power. In these situations managements must tackle such questions as prices and quantities in order to compete with freer and less regulated economies. Both buyers and sellers have a duty to strive for reasonable price stability.

Felix Sundblad,
Falun, Sweden.

The motorcycle is superior

From Mr. G. Cooper.
Sir, — Mr. McAnaspie (November 17) does not go far enough. The motorcycle is not just superior as a form of commuter transport it is superior over all other forms of transport up to a distance of about 300 miles. My bike, even at 850 cc and £1,600 still provides the economic benefits with an ability to travel from A to B at average speeds that the car driver can maintain only between one and two hours service station and the next.

I not only commute 40 miles each way every day on my own motorcycle but I also use it for business, visiting clients in the City and as far away as Birmingham in the Midlands. Even in the cold and rain I can park immediately outside the office I am visiting, place all my gear in pannier bags, take a rolled umbrella from underneath the seat and walk into the office as if I had arrived by taxi.

One of the principal benefits not mentioned by your correspondent is that I can plan precisely how long any journey is going to take. I am not held up by traffic, late trains, waiting for taxis, and I have the freedom to travel where I want, when I want, and in the time I want for it to take me. And that is something that I would be prepared to pay money for, rather than save money on, as I do now.

Guy H. Cooper,
Cooper Directory Marketing,
Surrey.

Exchange rates

From the Director of the Department of Applied Economics, University of Cambridge.
Sir, — It would be helpful to your readers if you could explain why you take such a different view about the effects of an appreciating currency in the case of Japan from that of the U.K.

In a leader called "This rising Yen hits Japan" (November 15) you make a number of points which closely resemble those which I have made about the effects on the U.K. of the rise in sterling. For instance, "The result [of the appreciation in the currency] has been to deliver the Japanese a sharp blow — at the expense of causing dislocation and deflation in the economy that at the moment benefits neither the Japanese nor anybody else. The trauma will only be worth while if it leads to a sorting out of the trade problems..."

In an attempt to minimise the immediate damage the

Japanese Government yesterday

announced new measures to slow down the inflow of foreign funds.

There can be no under-estimating the damage that the yen's dramatic rise "has done."

"Bankruptcies are running at a record level and are likely to increase for small to medium size manufacturers engaged in exporting... Unemployment is at over a million. Investment has fallen to a low level because of the absence of new domestic demand and the bleak prospects for exports."

But you have quite a different story when it comes to the appreciation of sterling which you describe in your leader of November 1 headed "Yielding to reality." The Treasury's decision yesterday to abandon its attempt to control exchange rates in the interests of retaining control of the money supply is realistic and welcome, however reluctantly it may have been taken. I think you should explain why something which is to be welcomed in the British case is such a disaster for Japan.

W. A. H. Godley,
Sidgwick Avenue, Cambridge.

The figure to aim for

From Mr. A. Bowley.
Sir, — TV, radio and some newspaper reports are again euphoric about the recent fall in the rate of increase in inflation to 14.1 per cent, on an annual basis. Admittedly, the October Retail Price Index shows that the rate of increase on an annual basis was again reduced, but in that month the RPI, which can be loosely translated as the cost of living index, actually rose again. In the good old days, about only a few years ago the reduction in the cost of seasonal foods always caused a genuine fall in the total index in at least some of the summer months. In 1962 it actually fell in four successive months from 102.9 in June to 101.4 in October (January 1962 was 100). The increase in the cost of living for the whole of

1982 and 1983 averaged less than 2 1/2 per cent per annum.

This is the sort of figure at which we should be aiming rather than something in "single figures."

A. F. L. Bowley,
67, Westhall Road,
Worthington, Surrey.

The butter mountain

From Mr. J. Pickering.
Sir, — How much longer will the patience and tolerance of the tax payers of the EEC countries withstand the strains put upon them by the Common Agricultural Policy. Butter is a case in point. Butter producers are paid over world prices in the EEC to take it into intervention. The costs of extra storage are borne by the taxpayer. Large subsidies are paid to export surpluses to Eastern Europe.

Now this already overpriced, oversubsidised butter is being reimported into Europe and the taxpayer is being swindled by the non payment of import levies. One is inclined to wonder if it would not be possible for this illegally imported butter to be put once more into intervention and attract a further round of subsidies.

It must be clearly understood that butter is by no means the only commodity which leads itself to this round of cash collection. Have we not seen on TV pictures of containers of beef from Germany being driven off ships in British ports and immediately being re-embarked for other places having by this process attracted export levies from Germany to Britain.

Nor must it be forgotten that in many cases the original costs of production of these commodities has already been subsidised by way of grants, cheap loans and all the things which come under the heading of help to the farmers all at the expense of taxpayers. The whole process might just be tolerable if the consumer was able to purchase these things cheaply, but no, the whole principle of the thing is to raise the price to the consumer.

It is not to be wondered at that the price of food is way ahead of other items in the inflation stakes.

J. P. Pickering,
Orchard Place, Hexham,
Northumberland.

Bailiffs' mistakes

From Mr. M. Scully.
Sir, — I am rather concerned about the high cost to creditors in debt recovery actions of the mistakes that arise within the county courts system and in particular the actual mistakes of county court bailiffs.

Time after time when monitoring court actions for debtors we are repeatedly thwarted by incorrect returns from bailiffs in respect of non-service of summonses and non-execution of warrants. These returns have to be investigated and disproved at the plaintiff's expense and it is obvious that the basic legal majesty behind a civil summons or a warrant has long since been diluted down to being a weak and ineffectual piece of historical nonsense.

I feel that both the Institute of Credit Management and the National Association of Trade Protection Societies would do well to direct some attention to debt recovery actions of the plaintiff's favour.

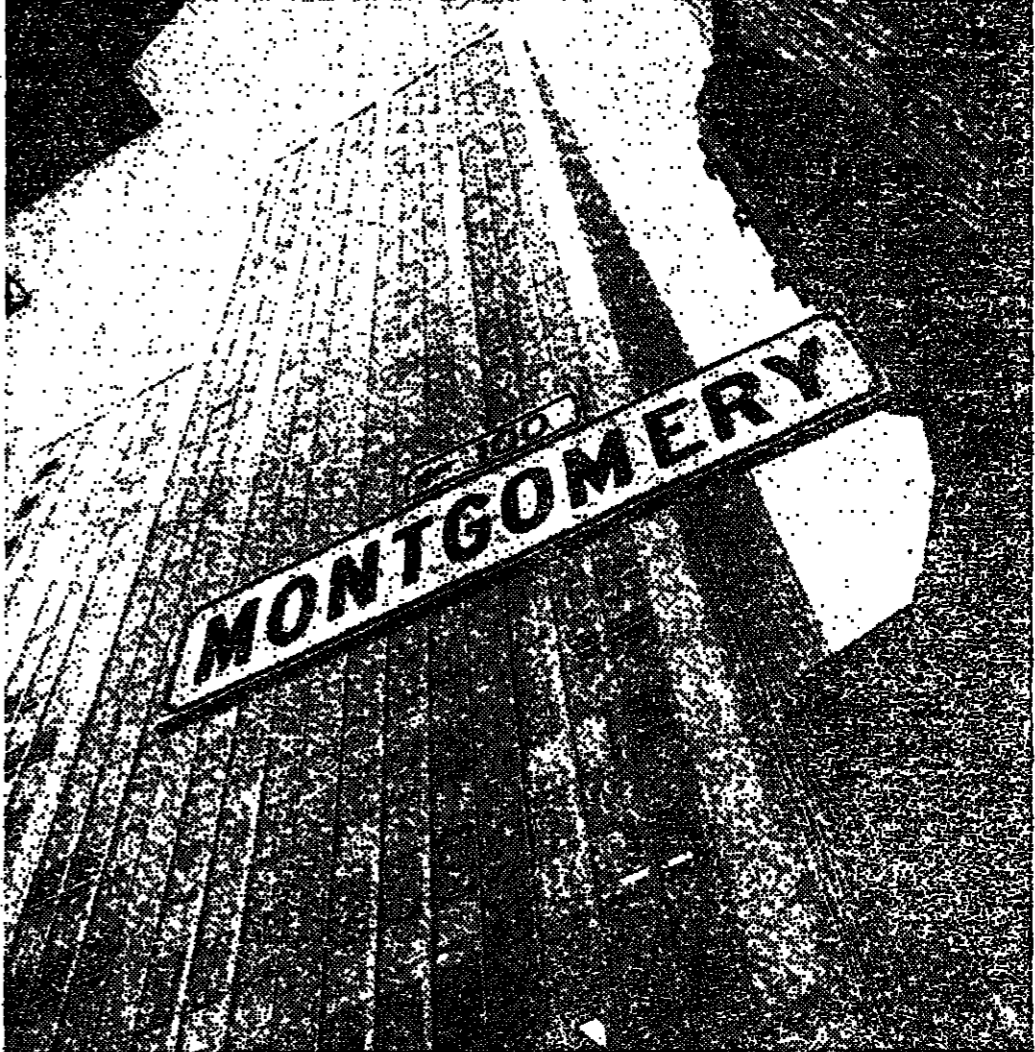
M. J. Scully,
Regency Consultants,
The Grange,
1, Hoole Road,
Chester.

To-day's Events

GENERAL
Provisional unemployment figures for November.
Concorde makes inaugural flight from Heathrow to Kennedy Airport, New York.
EEC Council of Ministers consider 1978 Community Budget, Brussels.
EEC Foreign Ministers end two-day meeting, Brussels.
Mr. Harold Lever, Chancellor, Duchy of Lancaster, addresses English-Speaking Union seminar, Brussels.
Britain a good base for a Multi-national Company.
Grosvenor House, W.1. Other speakers include Mr. John Methven, CBI director-general, Dr. John Cunningham, Under-Secretary, Energy, speaks at opening session of two-day Communities Committee report on contracts negotiated away from

PARLIAMENTARY BUSINESS
House of Commons: Scotland Bill, committee.
House of Lords: Commonwealth Development Corporation Bill, second reading, Pensioners' Payments Bill, all stages, Local Government (Scotland) Bill, second reading, Debates on European Communities Committee report on contracts negotiated away from

COMPANY RESULTS
Comet Radiovision Services (full year), Hambro (half-year), Powell Duffryn (half-year).
COMPANY MEETINGS
Assam Trading, Victoria House, Vernon Place, W.C., 12. Centreway, Edgbaston, 12.30.



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Peak up to £0.22m. but omits final

ON TURNOVER ahead from £4.14m to £5.67m, taxable profit of £130,578 to £211,000 in the year to May 31 1977. At halfway profit was £37,250 higher at £163,510. But as directors believe that until the caravan industry recovers there is a need to conserve cash resources, the final dividend has been omitted. Last year a 0.15p per 100 share dividend took the total payment to 0.45p. An unchanged 0.5p interim was paid this year. Earnings per share are stated at 1.45p (1.79p). Directors say that indications are that a caravan recovery should come in the last few months of the financial year. They say current year profits are difficult to forecast. The caravan industry is going through a difficult period and this must have an effect on the performance of Peak's engineering subsidiary. On the electronics side infra-red equipment sales are increasing steadily and should more than offset the fall in micro-wave sales. Directors say that although the results indicate a continuation of the recovery in the group's fortunes, it is not as good as anticipated. During the year the caravan chassis subsidiary improved its profit against its depressed level of the year before, but the combined results of the electronics companies emerged slightly lower. There was a fall-off in demand for micro-wave intruder alarms and the reduction in output resulted in unrecovered overheads at the Isleworth factory. The fall in demand for micro-wave alarms also affected the second half performance of the U.S. subsidiary.

DIVIDENDS ANNOUNCED

Company	Current payment	Date of payment	Corresponding div. for year	Total last year	Total this year
Cambridgian and General	2.25	Feb. 29	2.45*	3.5	2.95*
HAT Group	1.0	Jan. 3	0.2	—	0.78
Peak Investments	Nil	—	0.15	0.5	0.65
Wellco	0.34	Jan. 9	0.24	0.5	0.41†
Wilson Watson	1.03	Dec. 16	1	—	3.19
Yorks and Lancs Inv.	0.95	Dec. 21	0.75	1.35	1.1

Dividends shown pence per share net except where otherwise stated. * Equivalent after allowing for scrip issue. † On capital increased by rights and/or acquisition issues.

COMPANY NEWS + COMMENT

G. H. Downing reaches £0.9m. so far

IMPROVED results from its Dutch subsidiary and electrical engineering unit helped G. H. Downing and Co. to achieve taxable earnings up to £850,000 to £900,000 for the half year to September 30, 1977. Sales were up £0.81m. to £6m. The group is entering the winter period with low stocks and, although prospects for the building industry are still uncertain, some improvement in trade is expected in late 1978, the directors state. The new refractories plant began production in September and is working well. Expansion at the Chesterton factory started in July and is proceeding according to plan, they add. Reduced by capital allowances the tax charge was £290,000 against £442,000 last time including deferred tax. The net balance emerged at £610,000 (£408,000) and stated earnings per 50p share at 20.5p (12.2p). In March the directors said that exports of roofing tiles were increasing steadily and were expected to account for 20 per cent of production in the current year. In Holland demand for facing bricks looked strong for 1977 and 1978.

HIGHLIGHTS

The London Borough of Hounslow is issuing £12m. Variable Rate Redeemable Stock 1982 at par. Lex also takes a look at the background to the interest in acquiring the Fairley engineering companies from the receiver and BOC plans to increase its 34 per cent stake in the U.S. associate Alcon. Elsewhere, G. H. Downing has turned in a half-time profits increase of 6 per cent, thanks to increased demand for facing bricks in Holland and electrical wholesaling. H.A.T., however, suffered more from the recession in the building sector and profits after six months are 10 per cent lower.

T. Locker well ahead at halfway

AN ADVANCE of £227,000 to £1.1m. is reported by Thomas Locker (Holdings) for the half year ending September 30, 1977. The directors anticipate that the result for the second half will show an improvement on this. First-half turnover of the group (screening and filtration engines) increased from £7.27m. to £8.32m. The directors say that order books are standing at a reasonable level. They make their forecast for the second half on the basis that there is no further deterioration in the world economic climate and no industrial disruption either locally or nationally in any area of the group's operations. The interim dividend is raised from 0.2p to 0.25p net of which 0.0925p is in respect of 1976-77 following the tax change. The total paid for that year was 0.775p from profits of £2.53m. Providing for tax of £589,000 (£574,000) and minorities of £30,000 (£14,000), the attributable balance emerges at £483,000 against £387,000.

Wilson Walton up £82,000

FOR THE first-half of 1977 Wilson Walton Engineering expanded taxable profit by £82,000 to £47,000 on turnover ahead from £4.7m. to £7.32m. The full-time results will depend upon the outcome of current negotiations covering both modules due to go out during the remainder of the year as well as those already delivered, the directors say. The result of the negotiation will also influence the final dividend. The net interim, however, is raised from 1p to 1.638p representing the further increase allowable as a result of the reduction in the tax rate. Last year payments totalling 9.185p were paid from profit of £0.77m. After tax of £238,000 (£195,000) net profit for the six months came out at £218,000 (£180,000) and earnings per 10p share are shown higher at 4.38p (3.8p). In July the directors said they expected a further improvement in profitability during the current year and were confident in the company's prosperity.

Downturn forecast by HAT

DESPITE A turnover increase from £22m. to £23m., profits before tax of HAT Group fell from £1.26m. to £1.14m. in the six months ending August 31, 1977. And the directors warn that the full year's result is unlikely to reach the record £3.1m. of 1976-77. They feel, however, that the end of the two year period of reduced net margins could well be in sight and in spite of the forecast downturn for the year, they say that prospect is not unsatisfactory at this time. Turnover for 1977-78 will probably exceed the previous year's £37.8m. After tax, etc., the half year net profit emerges at £790,000 compared with £768,000. An interim dividend of 1.10p is declared and the directors forecast a maximum permitted total of 1.9484p (1.8028p).

The group is involved in specialist sub-contracting to the building industry. The results for the half year are: Turnover £29,000,000; Profit before tax £2,120,000; Net profit 780,000; Dividend 780,000. Includes provision for deferred taxation on stock increases.

comment H.A.T. Group's first half downturn—almost 20 per cent at the pre-tax level—has come later than most companies in the building sector because a major proportion of its business is concerned with maintenance (painting, cleaning, etc.) on existing buildings. In the current building depression this has become increasingly important and now contributes about half of profits. However, the market conditions in the building industry, the lack of business and keen competition has left its mark—margins are the lowest since the 1971 slump. H.A.T. says industry is beginning to spend more on property maintenance but there can be little relief on margins until the economy comes right. On past 12 months earnings the prospective p/e is 4.8 at 36p while the yield is 8.5 per cent.

Peters Stores sees return to growth path

If the present rise in sales at Peters Stores is sustained the company will recover all the lost ground of the past two years and continue its turnover and profit growth, Mr. J. Gould, the chairman, tells members. A marked upturn in sales began towards the end of June 1977 should mean a substantial increase in profit certainly for the half year and, if the trend is maintained, for the full year he says. With an improving economic outlook the directors are also cautiously looking towards expanding retail outlets. For the year to June 25, 1977, (taxable profit slumped to £149,073 (£322,978) on sales down from £3.24m. to £4.89m. reported on October 20). The dividend is cut to 1p (2.445p) but the directors forecast an increased interim payment for the December 24 half-year. Working capital at year end was up £198,100 to £87,100 and the bank overdraft had been reduced from £32,919 to £66,092. A shareholders' scheme is to be introduced whereby members will be able to obtain a discount of 15 per cent on a wide range of products from shoes to tanks at any of the company's 70 shops. Meeting, Newcastle-upon-Tyne, on December 22 at noon.

Winding-up orders

Orders for the compulsory winding up of 32 companies were made by Mr. Justice Templeman in the High Court yesterday. They were: Workmen (formerly Dampeare); (formerly) Craighall; (formerly) Interiors (formerly Miller Furniture); Needfood; Orchards Agencies; Forward Construction; Stuart Hunting; Karvatis (London); Automatic Small Turn Parts; Curran Properties; G.S. Property Co.; Hicks (Tonbridge); Hodor Investments; I.S. Remington; Micar Controls; Millhaven Properties; Nearprop; Rayzrode Properties; Turland Reclamation; Valemate; Mould and Turner Builders; Merchants; S. J. and P. Hughes (Building Contractors); W. T. Smith (Builders); Ashby Haulage Company; Charles of Shirley (Gentleman's Hairdresser); Essex Leatherwear; Fairways Export and Export; Keith Purshouse; Groatrole; Gordon Construction; Midland Plastics; Meed Development; MPP Properties; Kinneir and Andrews (Bromley); Mudley's Caterers; Wallfern; K. Delaney; Gydelle; Essex Extensions and Conversions; Stag (Hassocks); Melayhurst; R. and K. Turf Accountants; Aldred; W. H. Construction; (formerly) DFG Building Construction; Pilarest; Peter Thomas Cars; South Park Construction Company; Woking Plastering Contractors; W. H. C. Conveyance Centre; Northfleet Metal Company; Woking Entertainment; Compulsory winding up orders made on November 14 against H. Nicholson and Sons (Meat) and Parkmount Developments were assigned. Both petitions were dismissed.

Cambrian & General advances

For the year to September 30, 1977, Cambrian and General Securities reports an advance in gross revenue from £295,744 to £277,164. Before tax of £91,918 against £74,961 revenue rose from £204,361 to £245,412. The final dividend per 25p share is 2.25p net for a 3.5p (2.9345p adjusted) total and the net asset value per share at September 30 was 112.5p (82.95p).

Upturn for Clyde Petroleum

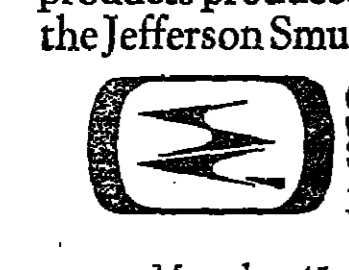
Clyde Petroleum announces that subsequent to its interim results in September, 1977, substantial progress has been made in the negotiations between its subsidiary, Anglo-Ecuadorian Oilfields, and the Ecuadorian Government.

TRUSTS & LOANS

Both Northern American Trust and First Scottish American Trust have borrowed £2.5m. from Morgan Guaranty Trust Company for five years at a floating rate of interest. Northern has also borrowed \$3m. on a line of credit and First Scottish \$2m. Both companies have repaid loans of \$v.Frs.12m. and 10m. respectively on maturity.

Hill Samuel new fixed interest fund

A new fixed-interest fund has been launched by Hill Samuel Life Assurance, a member of the Hill Samuel Group. It fills an important gap in the existing range of funds available for linking with the Fortune Convertible Bond and the Higher Investment Plan. Investors now have a choice of property, fixed-interest, money, a variety of equity funds and a managed fund. This new fund will consist of various proportions of gilt, other fixed-interest securities, cash and short-term deposits and will be actively managed. The units of the new Fixed Interest Fund will bear a 5 per cent initial charge and an annual charge of 1 per cent of the value of the fund. The company is also issuing new series of units for its other internal funds with similar management charges. Hill Samuel Life is also making certain changes to some of its products. The Fortune Convertible Bond now has improved conversion options to facilitate switching between funds and the maximum entry age is being in-



Printed cartons and corrugated cases for a range of Ravenhead glassware. Just one of the many everyday products produced by the specialist companies within the Jefferson Smurfit print and packaging group.

Smurfit
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More than 45 years of print and packaging experience.

Manganese Bronze care over spending plans

WITH A seven year £4.73m. loan repayment programme beginning on June 30, 1978, Manganese Bronze Holdings is to restrict capital spending to strictly defined essentials, Mr. R. D. Poore, chairman, says in his annual review. And no great expansion should be expected until enough debt has been repaid to enable negotiations of a refinancing scheme. The desire for sufficient cash flow to repay the borrowings is behind the cash or share dividend option offered to shareholders by the group after its increase from a £10.2m. taxable profit to £2.39m. in the July 31 year just ended. A 1.88884p dividend was declared. While contracted capital commitments are shown in accounts as £1.63m. against £2.22m. last year, total spending on buildings and productive equipment is not expected to exceed last year's level. Mr. Poore says the progress in 1977 may generally be regarded as encouraging. The main improvement came from the effect of the business acquired in 1973 by Birmingham Arms, including the elimination of loss-making sections and the more than £3.5m. of capital spending in the manufacturing units.

All units played their part in the group's recovery. In the metal group a notable success was achieved with a significant technological lead established. Major vehicle makers, including several outside the U.K., have shown interest in its products, which in many cases cannot be obtained from competitors. Capital improved in the year and BSA foundries, now concentrated at Darlington, has begun to show the anticipated benefits. The 1977 accounts of Norton Villers Triumph show that considerable progress has been made in re-establishing a new financial basis, Mr. Poore says. There must now be a possibility that some value may eventually be recreated in this investment, and in next year's accounts directors will consider if all the provision against its cost is still required. The provision against the company matches Manganese's £3.38m. book investment. Since the year end Manganese has subscribed £500,000 of "A" redeemable preference shares, with £2.5m. of "A" Preference capital redeemed at an agreed 20p per £1 share. On October 31 £288,129 of dividends in arrears on Manganese's £1.87m. of "C" Preference capital was paid. A breakdown of turnover and trading profit shows castings, components and materials for the consumer durable industry contributed £3.5m. to turnover and £798,000 in profit, while motor vehicle, and road and rail service components and assemblies contributed £15.1m. and £1,477,000. Building products £2.8m. and £248,000, and other products and services £1.8m. and £485,000. Meeting, 1 Love Lane, E.C., December 16 at noon.

Recovery by Wellco

THE RECOVERY at Wellco Holdings, which moved into its stride last year, continues apace with the announcement of pre-tax profits of £508,000 for the year to June 30, 1977. This represents a 63 per cent increase on the annualised rate for the previous 18 month period when pre-tax profits were £312,000. In the first six months a 30 per cent profit rise was shown and the directors looked forward to a successful year. Referring to the electrical side, where Wellco claims to be the largest independent distributor in Britain, Mr. Robert Lamdin, chairman, says further progress has been made in establishing overseas interests with successful sales visits to the Far and Middle East. There is increasing demand for British manufactured heating elements and the export sales force is strengthening its market. At home Wellco is seeking new product lines, says Mr. Lamdin, and the product range now a number of years for the first time, incorporates a wide branched small electrical appliances. On the construction and development side the group is engaged in a programme of industrial development on the Boyatt Wood Estate near Eastleigh in Hampshire. Sites currently being developed cover some two and a half acres and a total of 13 units are planned on these sites consisting of warehouse space with ancillary offices. In the first half of the year, Wellco sold the remainder of its first development at Boyatt at a substantial profit which has been reflected in the group profit. In June 1978 the 61 per cent Loan stock is due for repayment and £318,000 is currently outstanding. In this context, Mr. Lamdin reveals that the Board is discussing with its advisers the most advantageous methods of raising further long-term finance to replace the loan stock and to allow for further expansion when the right opportunities present themselves. Terms have been agreed with bankers to meet this commitment if long-term finance has not been arranged by the time the stock is due for redemption. A final dividend of 0.3375p is proposed making a total of 0.5p compared with 0.40625p for the period. The directors explain that the tax charge has been reduced principally by reason of stock relief of £165,000 and utilisation of losses brought forward of £35,000. Deferred tax has been provided to the extent that there is a reasonable probability of payment. This is an accounting charge which the corporation has restated. The deferred tax

comment Losses continue at Courtaulds French unit Uncertainty appears to surround the future of Manufactures Laineuses Berglas-Kieser, a textile concern owned by the French interests of the Courtaulds group. The company, which employs some 600, and is engaged in wool spinning and weaving at Colmar, in Eastern France, has incurred substantial losses and seems likely to make further losses in the current year. The company, already facing financial problems, was acquired by Courtaulds' French business some two years ago in the hope that it could be brought round to profitability. However, in the context of the textile recession in France and of cost levels, prospects of revival do not seem bright and it would appear that the concern's outlook is now bleak.

YORKS. & LANCs.

Gross revenue less bank interest of Yorkshire and Lancashire Investment Trust for the year to September 30, 1977 advanced from £79,632 to £95,401. After all charges including tax of £29,190 (£24,228) net revenue rose from £45,057 to £54,796, equivalent to 1.57p (1.15p) per share. The final dividend is 0.95p net lifting the total payment from 1.1p to 1.55p.

Kwik Save to open in South-East

CURRENT YEAR expansion of Kwik Save Discount will continue mainly in the Midlands, South West and South Wales, the group also reveals plans start trading in the South of England. Mr. I. F. D. Hill, chairman, says that expansion the group acquired a long leasehold site in Swindon, close to the M4 motorway, on which it is building a new warehouse due to open July 1978. This warehouse will fulfil the group's expansion into South West and the plans to start trading in the South and South East of England. Sales to date show a satisfactory increase in monetary volume terms. The increase profit and market share indicate the group policy of per cent discounts on all goods remaining in the interests of customer and the shareholder says the chairman. In the year ended August 1977 group turnover expanded 66 per cent to £12.4m. and pre-tax profit rose by 64 per cent to £3.61m. During the year 31 new sites were opened. Statement, Page 29

Guinness plans big spending

THE GUINNESS Group in Ireland plans to spend £100m. in capital investment in its Irish activities over the next ten years. It will go on modernisation and expansion.

Hounslow offers £12m. variable stock

The prospectus is published today in connection with the issue of £12m. of London Borough of Hounslow Variable Rate Redeemable Stock 1982 at 100 per cent payable in full on application. The application list is to open on Thursday. Interest on the stock will be payable half-yearly on May 25 and November 25. The rate is 4 per cent per annum above that which sterling deposits are offered for six months to first class borrowers on the London interbank market (LIBOR) at 10 a.m. the day before the interest period commences. The first payment on May 25, 1978, will be for half a year and one day at a rate of 6 1/2 per cent per annum. This will amount to £3,300 per cent. The stock will be repaid at par on November 25, 1982. Dealings are due to start on Friday, November 25. Purpose of the issue is to raise funds to finance authorised capital expenditure and to replace maturing debt. Applications must be for a minimum of £100 or multiples thereof up to £1,000. Larger applications above £1,000 to £5,000 should be in multiples of £500; above £5,000 and not exceeding £20,000 in multiples of £1,000. Applications above £20,000 of stock should be in multiples of £5,000. The issue is underwritten by

Fly to BERGEN STAVANGER KRISTIANSAN and NEWCASTLE by DAN-AIR from LONDON (Gatwick) Phone: 01-680 10

JOINT ANNOUNCEMENT

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Limited

BANK OF SCOTLAND

Morgan Grenfell & Co. Limited

Moscow Representative Office

We are pleased to announce that following an agreement signed on 21st November, the Moscow Narodny Bank Limited representative in the U.S.S.R. will now also represent the Bank of Scotland and Morgan Grenfell and Co. Limited. The representative office in the centre of Moscow will offer a wide range of facilities including a conference room, typing and telex services and the arrangement of appointments, to all our customers.

Our representative in Moscow is O. I. Lapushkin Suite 2, Kursovoy Pereulok 1/1 Moscow 119034 USSR

Telephone: 2031. 857 International Telex: 7021

For further information within the United Kingdom

Moscow Narodny Bank Limited S.R.H. Smith (telephone 01-623 2500)

Bank of Scotland A.T. Gibson (telephone Edinburgh 031-556 2231)

Morgan Grenfell & Co. Limited J.S.S. Syrett (telephone 01-588 4545)

THE BRITISH INVESTMENT TRUST LIMITED

See Page 40

Cope Allman looking to capital spending benefits

NONE of the short-term gains particularly favourable to Cope Allman International, the engineering fashion group, does not expect to do better in the first half of the current year than in the same period of 1976.

Louis Manson, chairman, has presented the group's 1977-78 strategy. Despite most economic forecasts that the combined effect of tax concessions, wage and price controls and public works programmes will stimulate demand in the second half, he does not expect to do better in the first half of the current year than in the same period of 1976.

Mr. Manson said that the group's 1977-78 strategy is to see the benefit of some capital expenditure during the first half of the year through will mainly be benefits 1978-79 onwards.

He said that the group's short term prospects depend largely on the immediate of consumer spending, the of price controls and in policies and even the state weather. In the longer they depend on the efficient of resources and the quality management.

Mr. Manson says that as inter-ite manufacturers there is Cope Allman can do to in the market but the direc have made successful plans or in- vours to maintain the major which it holds in some ets and to increase its pro- on in others.

A recovery shown in 1976-77, ver, reflects not only the ovement in the markets in h the group operates but also s the first fruits of its capital diture programme and senior- ment rationalisation. Mr. Manson is confident that the p will share in any advance sperity in the territories in h it operates.

ough consumer demand re- h is present fairly flat

throughout Europe and Australia with rigid price controls ruling in France and the level of wage increases still unknown in the U.K. they view the future with optimism.

This stems from a sustained high level of capital expenditure on projects considered to have long-term potential, the con- tinuously increased research and development effort, the updating of product design and engineering techniques, the introduction of systems to improve efficiency and productivity and the opportunities arising from the group's products in new markets.

At £9.5m, capital expenditure during the year was the highest ever although a little short of the budget mentioned last year, states Mr. Manson. Three years ago he had stated that the group was intending to spend £20m over the period to June 1977, and this programme was persevered with notwithstanding the economic recession and in- event fell only 1 per cent short of the target.

The major items of the year's capital spending occurred mainly in the international products division for investment in new products and in the leisure division.

Projections over the next three years envisage consistently high levels of capital expenditure totalling more than £30m. Mr. Manson emphasises that the programme goes well beyond merely replacing existing plant or in- creasing capacity.

In particular the packaging division has been reorganised to reflect the demands and require- ments of international products markets as well as the differing business conditions found within separate national territories. The leisure division, too, is develop- ing a comprehensive and inte- grated management structure across the whole range of its activities.

After two years of depressed activity in its major markets the group lifted pre-tax profits from £5.7m to a record £10.9m in December 15, at 11 a.m.

Eleco creating new portfolio

FOLLOWING Eleco Holdings' £1m disposal of part of its Hoddesdon Industrial estate the group is assured of considerable activity on the property front in the creation of a new investment portfolio, Mr. Frank Webster, chairman, says in his annual statement.

And the modernisation of group facilities in the past two years, which is continuing, is expected to have a material effect on production costs and quality control. When conditions improve Eleco will be in an excellent position to take full advantage of expanding markets, he says.

A letter detailing the property disposal is included with accounts. It says the 10.5 acres of land, part of 15 acres leased in 1961 for £150 per year for 99 years, was sub-leased to Reed Penions Trust for £1m, plus £150 per year.

The sub-leased land had been entirely underlet in several units with gross annual rentals of £176,365 and had a book value of £1.66m. The total book value of the 35 acres of freehold and leasehold land held at Hoddesdon was £2.55m.

The net proceeds of the disposal, after tax, of £2.12m, will be applied to repaying all group bank overdrafts (at June 30, 1977, £0.55m), making a £312,000 deposit to the Trustees of its share stock, and meeting the cost of group expansion includ- ing further investment in indus- trial land.

The income from invested funds not immediately required will make up the revenue lost as a result of the disposal, Mr. Webster says.

An adjusted balance sheet is included in the letter and shows the effect of the disposal. Net assets increased from £7.49m to £7.66m after cash at hand and at bank less overdrafts, net amount from a £0.55m deficit to £2.68m surplus, and allowing £813,541 for tax due on January 1, 1980, and a £1.66m reduction in fixed assets to £2.7m.

Mr. Webster's annual statement shows Eleco is looking to exports for expansion of its retail lighting luminaires and electrical trunking operations.

Following the variation of an agreement with Philips the group is able to act more independently and is confident of a large and more stable demand for luminaire exports. Eleco has also recently

BOARD MEETINGS

The following companies have notified dates of Board Meetings to the Stock Exchange. Such notices are usually held for the purpose of considering dividends. Dividend dates are not given unless otherwise stated. Dates are based mainly on last year's timetable.

TODAY

Interim—British Property Trust
C. H. Industrial Estate of Leeds, English National Investment, Hambro's (Leeds) (Food), Woodhouse's (Leeds) (Food), Powell Duffryn (Shildcliffe), Transoceanic Paper

FRIDAY

Finals—Mitsui Bussan Kaisha and Overseas National Investment Trust, Cardif (Wales) Inc, John Linn (London) (Leather), former Radio- vision Services, James H. Dennis

FUTURE DATES

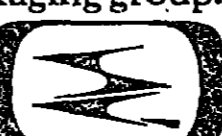
Interim—
Carlisle Coal and Lignite ... Dec. 8
Barnmouth Investments ... Nov. 22
Dyson (R. A.) ... Nov. 23
Jansons (Leeds) ... Nov. 29
Mitsui Bussan Kaisha ... Dec. 5
North W. ... Dec. 5
Peebles (Leeds) ... Dec. 5
Rensick General Investment ... Nov. 24
"The Times" Venture ... Nov. 24

Finals—
Parvo Den ... Dec. 15
Mater East ... Nov. 23
National and Commercial Banking ... Dec. 1
Scottish American Investment ... Dec. 2
Ternitecans ... Dec. 2

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H. M. Government Health Departments' WARNING:
CIGARETTES CAN SERIOUSLY DAMAGE YOUR HEALTH

"Kwik Save plans to start trading in South and South East of England"

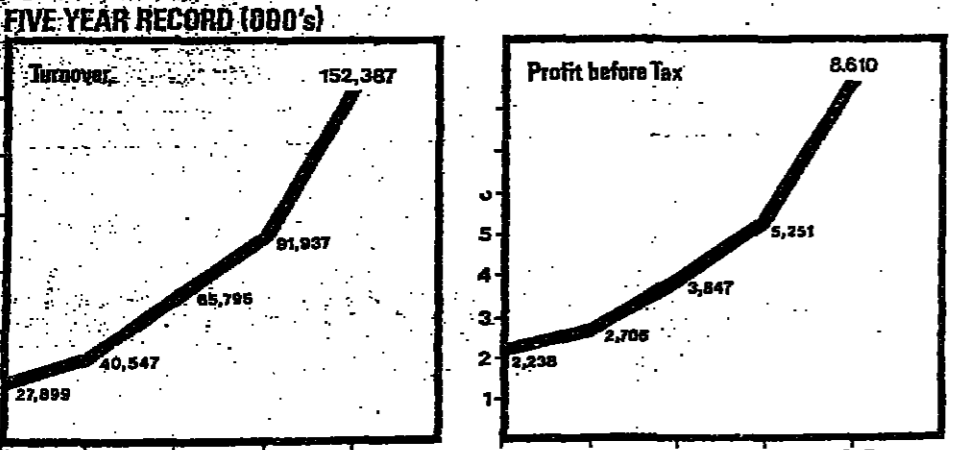
Turnover increased from £91.9m in 1976 to £152.3m in the year just ended, an improvement of 66%.

Net profit before taxation amounted to £6,610,000 compared with £5,251,000 in the previous year, an increase of 26%. 31 new stores were opened to make a total of 124 stores by 27th August, 1977, thereby increasing the net trading area to 324,000 sq. ft. (1976 641,000 sq. ft.). Our expansion in the present financial year will continue again mainly in the Midlands, South West and South Wales.

To meet this expansion, we have acquired a long leasehold site at Swindon, close to the M4 Motorway, on which we are building a fourth warehouse due to open in July 1978. This warehouse will facilitate our expansion into the South West and our plans to start trading in the South East of England.

Sales to date show a satisfactory increase in monetary and volume terms. The increase in our market share and in our profits indicates that our policy of permanent discounts on all goods sold remains in the interest both of our customers and our shareholders.

"We look forward to another good year"



WIK SAVE DISCOUNT GROUP LIMITED

Details of the report and accounts available from the Company Secretary, Warren Drive, Prestatyn, Clwyd LL19 7HU

INTEREST MARKET

Bank of England Minimum Rate 5 per cent.

since October 14, 1977

particularity in the longer term rates were firmer yesterday.

Concern about the rate of inflation is prob- ably influencing the market, but the Bank of England Minimum Land- ing Rate this week did not inter- fere with the London money market, and any change in the situa- tion regarding wage settlements slightly short supply, and banks are expected to bring forward a further round of rate increases in the interbank market the as banks carried over surplus balances from Friday. There was an increase in revenue payments to the Exchequer during the day however, and this outweighed Government disbursements. The market was also faced with a slight rise in the note circulation, and a small net market take-up of Treasury bills.

Discount houses paid 4-1/2 per cent. for secured call loans in the morning, and although rates eased to around 3 1/2 per cent. in places some houses may have paid up to 5 per cent. for late balances.

Rate	Starting Certificate of Deposit	Interbank	Loan to depositors	Loan to banks	Finance House Deposits	Company Deposits	Government Deposits	Treasury Bills	Lighter Bank Bills	Five Year Treasury Bills
4 1/2	5 1/2	4 1/2	4 1/2	4 1/2	4 1/2	4 1/2	4 1/2	4 1/2	4 1/2	4 1/2

1) authorities and finance houses seven days' notice, others seven days' fixed. 2) Longer-term local authority mortgages usually three years 9 1/2 per cent. four years 10 1/2 per cent. five years 11 1/2 per cent. six years 12 per cent. Bank bill rates in buying rates for prime rates. Buying rate for four-month bank bills 4 1/2 per cent. four-month trade bills 4 1/2 per cent. Selling rate for one-month Treasury bills 4 1/2 per cent. two-month 4 1/2 per cent. and three-month 4 1/2 per cent. Approximate selling rate for one-month bank bills 4 1/2 per cent. two-month 4 1/2 per cent. and three-month 4 1/2 per cent. Approximate selling rate for one-month Treasury bills 4 1/2 per cent. two-month 4 1/2 per cent. and three-month 4 1/2 per cent. Clearing House Rate (published by the Finance House) 4 1/2 per cent. Clearing Bank Rates for London 6 per cent. Treasury bills under rates of discount 4 1/2 per cent.

City Investing reports on third quarter 1977 results

City Investing Company's third quarter 1977 results reflected continued progress by all principal operations: manufacturing, international, housing, and insurance.

Highlights

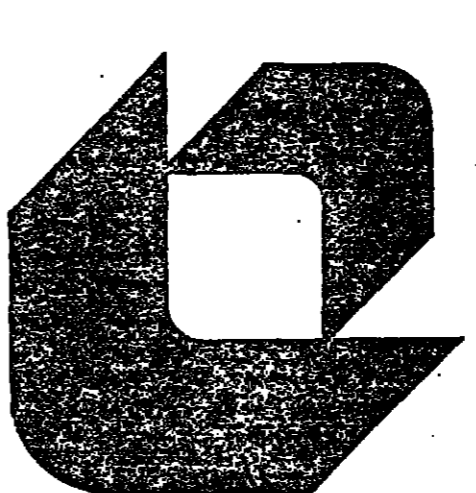
- City Investing's total revenues rose 25% to \$814.3 million.
- Net income increased 52% to \$23.0 million.
- City completed a \$100 million long-term financing.

Manufacturing, International and Housing

- Earnings of City Investing's Rheem water heater and container operations improved substantially. And Rheem, in conjunction with Reynolds Metals Company, announced development of a complete solar water heater system.
- City's Alma Plastics subsidiary acquired the Plastics Division of NL Industries.
- International profits increased substantially, led by City's operations in Brazil.
- City's housing operations, especially mobile homes and single-family home building, continued their vigorous recovery.

Insurance and Financial

- City's Home Insurance Company reported an underwriting profit during the quarter and forecasts a profit for the full year.



Basic Businesses Filling Basic Needs

City Investing is the world's largest manufacturer of water heaters and steel shipping containers. And a leading U.S. manufacturer of heating and air-conditioning equipment for residential and commercial use.

City Investing is also the largest printer of newsstand publications in the U.S.: one of the U.S.'s largest home builders and mobile home manufacturers; operates the largest chain of budget motels in America; and is one of the major property and casualty insurers in the United States.

Contact European Office:
Jerome L. Hanan, Vice President,
City Investing S.A.,
Stockerstrasse 36,
8002 Zurich/Switzerland.

SUMMARY RESULTS	1977	1976	% Increase
Third Quarter Ended Sept. 30			
Revenues	\$ 814,342,000	\$ 649,712,000	25
Net Income	23,012,000	15,096,000	52
Per Share, Primary	.87	.54	61
Per Share, Diluted	.64	.44	45
Nine Months Ended Sept. 30			
Revenues	\$2,247,697,000	\$1,834,957,000	22
Net Income	50,482,000	32,098,000	57
Per Share, Primary	1.76	.98	80
Per Share, Diluted	1.41	.94	50

Average primary shares were 22,125,000; 20,831,000; 21,925,000; and 20,643,000 for the quarter and nine months ended September 30, 1977 and 1976, respectively. Average shares—assuming full dilution—were 36,571,000; 35,279,000; 36,371,000; and 35,092,000 for the same respective periods.

City Investing Company
Manufacturing | Housing | Insurance
767 Fifth Avenue, New York, New York 10022

BIDS AND DEALS

Several offers for Rank Canadian subsidiary

BY CHRISTINE MOIR IN LONDON AND JAMES SCOTT IN TORONTO

The Rank Organisation announced yesterday that it has received six bids for its Canadian subsidiary, Odeon Theatres (Canada). The price is at least \$30m, and a decision will be made within a week.

Only one of the bidders has been named. That is Global Communications of Toronto which operates a television network in the Province of Ontario. Mr. George Plummer, president of Mitchell Plummer, the Toronto company which is handling the sale for Rank, would not reveal the name of the other parties but confirmed that there were at least five others in the market.

Odeon Theatres, which operates 132 cinemas and 185 screens, has been up for sale since August and at that time Mr. Plummer hoped to complete by the end of September, but "unforeseeable delays had been encountered."

Global's offer is a mixture of cash and income debentures but a spokesman yesterday refused to reveal the total amount because of the competitive bids. Odeon is attractive on Canadian company not only for its film business but because of its properties which include several large drive-in sites.

The film sale has been going through a weaker patch recently.

INCHCAPE IN JOINT COMPANY

Banque Nationale de Paris and the Inchcape Group have formed a new company, Compex, SA, in Paris to assist French companies in promoting exports.

Through Inchcape's overseas subsidiaries and affiliates, number- ing over 500, and the BNP's worldwide network, Compex will help to open up and develop markets for French manufacturers (particularly those in the small and medium size category).

Compex's capital of Frs.2m. is subscribed 25 per cent. by Inchcape Export, 25 per cent. by Pechaud and Cie 50 per cent. by its subsidiary Intercom. It will start trading in the New Year.

WESTON-EVANS

Barrow Hepburn has acquired a 25.9 per cent stake in Weston-

Evans, manufacturers of paper and textile machinery, under the terms of a recently announced deal whereby BH acquired a portfolio of engineering investments from Arthurnot Latham for £2m.

Barrow Hepburn, whose tanning division received £3m. of support from the National Enterprise Board in the spring of this year, said yesterday that it had no intention of making a full scale takeover bid for Weston-Evans. A spokesman said that BH was happy to remain a substantial minority holder.

BIT VALUATION

Black Diamonds Pensions, a company wholly-owned by The National Coal Board Pension Funds, has made arrangements to announce daily an estimate of the value of the offer for British Investment Trust throughout the period of the NCBPF offer.

The estimated value will be calculated by Wood, Mackenzie and Co. stockbrokers, in accordance with the terms of the offer. The value varies from day to day by reference to the formula and will only be determined when it becomes wholly unconditional.

Terms for Ferro Metal stepped up to 60p

Ferro Metal and Chemical Corporation yesterday released the terms of the bid from Greg Gary International of the U.S. for the 28 per cent. of Ferro it does not already own. Gary is bidding 60p per share which values the company at £13m.

The bid was announced on September 13 since when Ferro's shares have been suspended while the two sides discussed terms. Ferro's listing was restored yesterday and the shares rose 14p to close at 58p, just 2p below Greg's offer.

Greg Gary, which is a subsidiary of the Satra Corporation of New York, made an earlier bid for Ferro in 1974 when it owned 30 per cent. of the group. The offer price at that time was 50p and was rejected by a number of substantial shareholders.

At that time Ferro was forecasting pre-tax profits of £950,000 for the year to the end of September 1974. In the event it made only £783,000 and in the following two years profits slumped first to £256,000 and then to £277,000. Last week, Ferro announced interim profits of only £16,000 against £181,000 for the comparable period.

PHOTOPIA

The Central and Sheerwood offer for Photopia International is unconditional and remains open. Acceptances have been received for 4,304,014 shares (57.81 per cent.). Of these, 4,163,738 accepted the cash offer.

LEIGH INTERESTS

Leigh interests has made an agreed offer to Manners' Brick Company to acquire the 40,000 shares of 70p in exchange for up to 54,726 Ordinary shares of Leigh. The basis is to give 1.3671875 Leigh Ordinary for every Manners share and fractions will be rounded up-wards.

Manners ceased manufacturing bricks in October 1977 and the book value of its net assets at December 31, 1975 was £37,483. In 1975 Manners sold freestone cottages realising an extraordinary profit of £16,297 but incurred a trading loss in the order of £5,500 and has incurred further losses in the present year. The offer will remain open until December 12.

The directors of Manners consider the terms fair and reasonable and have agreed to accept in

respect of their holdings of 12,928 shares (34.8 per cent.) and have recommended shareholders to do likewise.

The acquisition of Manners will enable Leigh to exercise a greater degree of control and effectiveness on the assets it purchased through Gibson Waste Company and in particular the Eastwood tip.

Heron moving into insurance

The Heron Corporation is to move into the insurance world with the £3.32m. purchase of a privately owned insurance company, National Insurance and Guarantee Corporation.

The Department of Trade has already given its blessing to the deal and Mr. Gerald Ronson, chief executive of Heron, said yesterday that 93 per cent. of NIGC's shareholders had accepted.

NIGC was founded in 1894 and has 300,000 policyholders. Around 80 per cent. of its business is in the motor insurance industry with the remaining proportion in general business.

Heron intends to develop both sides of the business but admits that the main industrial logic lies in the tie up with its own motor- ing interests particularly through Heron Motor.

Mr. Ronson said that the Heron group sells 30,000 cars a year and has 800,000 motorists as customers. He also pointed out that the group sells 1,000 houses a year.

No profit figures were given for NIGC but Mr. Ronson expects "a good return on the investment." NIGC's headquarters, which house 300 staff and computer facilities, are at Williams National House at Holborn Viaduct in London.

Mecca has given assurances that the rights of the staff and employees of Hull will be safeguarded and no redundancies are envisaged as a result of the acquisition.

S. G. Warburg, who advised Mecca, will dispatch the formal offer documents shortly.

SAMUEL OSBORN TALKS OFF

Discussions over a possible merger between Samuel Osborn and Weir Group, which both have important interests in the steel industry, have been terminated. The news left Osborn shares 13p lower at 67p, after 63p, while Weir ended only slightly lower at 115p. It was announced on October 26 that the two parties were talking prior to which there had been considerable speculation over a possible take-over being mounted for Osborn whose "low" for 1977 is 40p. Johnson and Firth Brown holds a 19.5 per cent stake in Osborn.

No detailed reasons have been given for a breakdown in the talks.

MANSFIELD BWY.

The National Coal Board's Pension Funds has bought a six per cent interest in Mansfield Breweries, an independent brewery based at Mansfield, Notts.

MADDOCK/TPG

The offer by Maddock for the Ordinary capital of TPG Investments other than 2,687,500 which it is proposed should be cancelled has been declared unconditional in all respects.

Acceptances have been received in respect of 10,744,229 shares being 71.6 per cent. of the shares which are the subject of the offer and over 50 per cent. of the capital.

The offer will remain open.

SHARE STAKES

R. and W. Hawthorn Leslie notified by M and G Securities that the Recovery Fund is beneficially interested in 787,500 Ordinary shares (approx. 8.34 per cent.).

MINING NEWS

Lockheed's new ocean venture

BY PAUL CHEESBRIGHT

THE U.S. aircraft and missile group, Lockheed, is extending its involvement in deep sea mining with the formation of a consortium embracing three other international companies. Lockheed will be the major contractor for the consortium, which is to be called Ocean Minerals.

The other partners in the joint venture are Amoco Minerals, Oil (Indiana), Billston, which is the minerals subsidiary of the Royal Dutch Shell oil group and BKW Ocean Minerals, a subsidiary of Bos Kruis Westmaats of the Netherlands.

A statement from Lockheed did not specify either the capitalisation of Ocean Minerals or the exact breakdown of the equity. But it is clear that Lockheed is at the stage the senior partner, with 12 years of experience in the provision of undersea equipment seems to be the main asset of the consortium.

The aim of Ocean Minerals will be to develop equipment and systems for ocean floor mining which involves the capture of manganese nodules from the sea floor and their processing to extract nickel, cobalt and copper.

This sets Ocean Minerals apart from other consortia in the field, which have been more concerned with mining as such rather than the development of equipment for it. In both cases, however, the expense is potentially vast.

Lockheed has been seeking for a couple of years a number of partners who would relieve it of some of the financial burden of its equipment development work. It is not surprising that its search should have taken it to the Amoco Minerals, given the diversification of the major oil groups into minerals.

The main stake in the venture for the present is likely to be held by Lockheed, as the group brings most of the know-how to the table. It could be diluted as time goes by, depending on the provision of funds from the other three joint ventures.

The headquarters of Ocean Minerals will be in California and the chairman and president will be Mr. James Wenzel, presently recorded in 1975, which at Lockheed's vice-president for ocean systems.

GOLD OUTPUT SLIPS AGAIN

South African gold output slipped to its lowest level of June during last month, cheer the build up in production was some of the financial burden of its equipment development work. It is not surprising that its search should have taken it to the Amoco Minerals, given the diversification of the major oil groups into minerals.

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Perth's coal excitement

PERTH'S COAL EXCITEMENT. SHARE PRICE movements in Perth reminiscent of the Australian nickel boom days, have centred on coal-mining areas around Eneabba, some 140 miles north of Perth reports our correspondent for some months.

Proprietary exploration subsidiary, Damper Mining, have been busy pegging in this area, following "up" intersections obtained some years ago in an oil prospecting hole.

The firm is believed to be of low-grade steaming coal, similar in quality to the Collie coal in Western Australia's far south-west, where Griffin Coal and Western Collieries are working.

More recently, the American Atlantic Richfield, which through its acquisition of Anaconda, is diversifying into the mining industry - has been pegging on a massive scale. There was also a "mystery" pegger, one M. McAllister, who was pegging far more ground than is normal for an individual.

It now appears that Norman McAllister has been working on behalf of Hancock and Wright ore prospecting. Their interest also reckoned to be behind the company has large stocks of a spectacular price movements of mine.

STORM HITS THE GOONYELLA MINE

Near tornado-force winds caused, at least, \$1m. (US) damage to the Goonyella coal installations in Central Queensland of Utah Development Corporation, Australia's most able company which began operations last year. The company's "mystery" pegger, one M. McAllister, who was pegging far more ground than is normal for an individual.

It now appears that Norman McAllister has been working on behalf of Hancock and Wright ore prospecting. Their interest also reckoned to be behind the company has large stocks of a spectacular price movements of mine.

SECOND BROADMOUNT TRUST LIMITED

THREE-YEAR SUMMARY OF RESULTS

Year ended 14th September	Gross Revenue	Ordinary shares		Net Asset Value per share	Valuation of Investments
		Earned per share	Paid per share		
1975	£170,350	0.82p	0.77p	26.70p	£2,556,765
1976	£193,011	1.03p	0.85p	26.15p	£2,774,495
1977	£217,325	1.17p	1.03p	39.10p	£4,109,450

In his Statement, the Chairman, Mr. Arthur G. Tite, said "Changes in investments have resulted in substantial appreciation. Our portfolio continues to be well-spread in all fields of commerce and industry and we shall take advantage of every opportunity to continue investment in first-class undertakings. The distributions for the current year must depend upon the ultimate results."

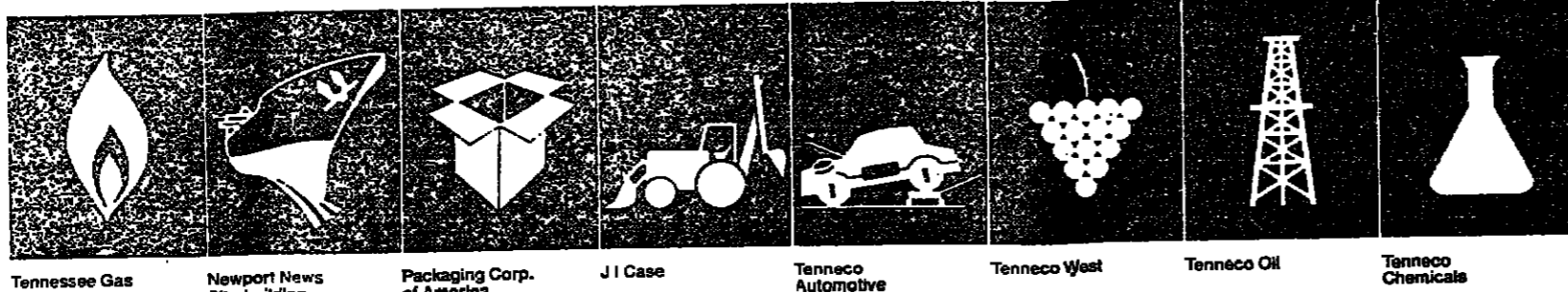
THIRD QUARTER 1977:

Revenues and net income up again at Tenneco.

Summary (millions except per share amounts)

	Nine Months Ended Sept. 30,	
	1977	1976*
OPERATING REVENUES:		
Oil and gas production, refining, marketing	\$1,251.3	\$1,185.0
Natural gas pipelines	1,352.9	1,060.7
Construction and farm equipment	1,073.7	966.3
Automotive parts	512.8	438.8
Packaging	361.2	335.8
Chemicals	363.8	336.0
Shipbuilding	596.0	502.9
Agriculture, land management	152.2	143.6
Investments	5.8	7.7
Intergroup sales	(161.3)	(104.5)
Total	\$5,508.4	\$4,872.3
NET INCOME	\$ 308.3	\$ 296.8
PREFERRED AND PREFERENCE STOCK DIVIDENDS	15.0	18.5
NET INCOME TO COMMON STOCK	\$ 293.3	\$ 278.3
EARNINGS PER SHARE OF COMMON STOCK:		
Average shares outstanding	\$ 3.17	\$ 3.19
Fully diluted	\$ 2.97	\$ 2.89
AVERAGE NUMBER OF SHARES OUTSTANDING	92.4	87.1

*The 1976 results have been restated to reflect the acquisition of Monroe Auto Equipment Company on the pooling-of-interests basis of accounting.



Tenneco has produced record net income and operating revenues for the first nine months of 1977. Net income was \$308.3 million, up from \$296.8 million for the same period in 1976. Operating revenues rose from \$4.9 billion in the 1976 period to \$5.5 billion in 1977.

Fully diluted earnings per share increased to \$2.97 for the nine-month period in 1977, up from \$2.89 last year. Primary per-share earnings were \$3.17 in 1977 and \$3.19 a year earlier, based on outstanding share averages of 92.4 and 87.1 million, respectively.

In July, Tenneco increased the annual common stock dividend rate from \$1.88 to \$2.00 per share. This was the sixth consecutive year the company has increased its dividend and its tenth cash dividend increase since 1965.

Wilton E. Scott, Chairman and Chief Executive Officer, said Tenneco's achievements were attained despite a higher

effective tax rate and third quarter developments that included a strike at JI Case, shutdown of oil and gas production during two hurricanes in the Gulf of Mexico, and continuing price weakness in the packaging industry.

"The expectation of a strong fourth quarter, added to our nine-month totals, will result in another overall good performance for our company in 1977," Scott said.

For further information, write for our third quarter report. Tenneco Inc., Dept. H-4, Houston, Texas 77001.

Tenneco

SAFEGUARD INDUSTRIAL INVESTMENTS LIMITED

Extracts from Mr. John Keeling's Review

The year has seen a great change in the financial scene. When it began the FT Actuaries All-Share Index stood at 136.0 with Minimum Lending Rate at 13 per cent rising within a week to 15 per cent, and at its close the Index was 224.45 and Minimum Lending Rate at 8 per cent.

Our performance from a capital point of view has not quite kept pace with that Index due entirely to the fact that the Directors' valuation of our unlisted portfolio is a period of a rising stock market, risen in value to the same extent. The theoretical break-up value of the Company after deducting the Debenture Stock at par is £10,310,728, equivalent to 83.7p per share compared with 60.6p last year. The contingent liability to Capital Gains Tax of £734,000 would, if taken into account, reduce the break-up value to 57p.

On income account, although dividend limitations still in force, our revenue has increased from £28,639 to £712,598. The net revenue after all expenses including taxation, has risen from £380,129 to £416,958.

An interim dividend of 1p per share was paid in June. Your Directors now recommend a final dividend of 2.9p per share (1976: 2.1p) making a total dividend for the year of 3.9p per share (1976: 3.1p). The gross equivalent including associated tax credit is 5.454p per share (1976: 4.769p).

Unlisted Investments

There have been few changes in our unlisted portfolio during the year. This has been in no way due to Safeguard's unwillingness to invest but to the reluctance of recent years of small businessmen to invest new capital.

Much also has been heard in the past year of so-called proprietors of businesses who are loath to "go public", and seek a Stock Exchange listing. My concern is to remind shareholders, and the general public, that if a small businessman, or any proprietor of a business, is seeking additional capital, Safeguard has many years' experience of investing in unlisted companies.

Future Prospects

Our policy remains unchanged, to invest in companies with long-term growth prospects and showing reasonable current yields. Our investments are almost wholly in the U.K. and our portfolio's prospects are therefore to a very large extent bound up with the U.K. economic prospects.

At the moment it is difficult to see any great change taking place. The financial scene is brighter than it has been but industrial activity remains "very flat." To go industry expanding and production rising it is essential that direct taxation should be reduced for all sections of the community.

A copy of the Report and Accounts can be obtained from the Secretary, at 27, Rector's Place, London SW1K 6DY.

MANUFACTURERS HANOVER ANNOUNCES THE OPENING OF ITS NEW EQUIPMENT FINANCE AFFILIATE.

Manufacturers Hanover Leasing U.K. Limited, headquartered in London.

Now companies throughout the U.K. that wish to finance capital assets can turn to an important new source.

The new company provides equipment financing programs specifically for companies seeking to acquire high-cost capital assets. MFLUK offers a wide spectrum of programs to include lease/purchases, industrial hire-purchases, conditional sales agreements and project financing.

To learn more about the company and its services, contact J. L. Williams, Vice President, 22 Austin Friars, London EC2N 2EN. Telephone: 01-628-3833.

MANUFACTURERS HANOVER LEASING U.K. LIMITED

Total equipment financing. Worldwide.



The lure to the Venice of the North

BY MARGARET REID

THE RECENT shoot-out in Amsterdam in which two German terrorists were arrested makes the subject of The Amsterdam Kill, currently doing the rounds of London cinema circuits, look particularly topical. And, as the film shows, the city has a considerable reputation as one of the vital links in the international drug trafficking network, a point well illustrated by the recent poisoning of a customs dog which had uncovered quantities of hashish and heroin at Schiphol airport.

But that is only one small facet of a city of contrasts whose beauty has earned it the title of the Venice of the North, and whose liberal outlook has attracted the free-thinking from Erasmus to to-day's hippies.

Some 1.7m. visitors come each year to see the girdles of ancient canals, wider stretches of water running off the Zuider Zee, and an ever-growing arts scene with everything from some of Europe's best art galleries to the ubiquitous sex theatres.

But it is not drama or romance which is chiefly preoccupying the citizens of Amsterdam as winter descends, but more mundane problems of unemployment and the need to compensate for declining industries.

There are about 350,000 in work, but the unemployment rate of well over 5 per cent is slightly above the Dutch average, and there has been an increasing tendency for industrial jobs to decline, 30,000 having been lost in ten years.

Older industries, related to Holland's imperial past, have tended to shrink and there has been no special reason why newer ones should be sited in Amsterdam rather than elsewhere. Moreover, the Nazis' wartime deportation and killing of 70,000 Jews dealt the diamond trade a blow from which it has not fully recovered.

The city's underuse of much traditional industrial equipment was highlighted recently by Alderman C. H. Goekoop, who told foreign journalists visiting Amsterdam Port: "As in shipbuilding, chemicals—where AKZO has lately announced more heavy losses—and in many other industries, there is now enormous over-capacity in industrial port-sites."

Mr. Goekoop was appealing for less cut-throat competition among ports. Amsterdam and its North Sea port at IJmuiden



Nero, the Dutch customs "hash-dog"—who later died mysteriously—at Schiphol Airport with a find of drugs.

handle some 30m. tons a year (two-thirds going to the hinterland) against Rotterdam's 270m., Antwerp's 75m. and Hamburg's 52m.

The Amsterdam Port Authority, whose harbours are helped by a canal link with the Rhine, is now considering with the Government and local authorities plans for extending its North Sea facilities to take larger vessels. No final decisions have yet been taken.

Future plans

Services (225,000) now provide 2½ times as many jobs in Amsterdam as industry (90,000). With the former chiefly in trade, banking and transport, Amsterdam is now looking to finance, air transport and tourism for the rebuilding of its economic life.

The city has long been a financial centre, and this combined with its position as a key trade point and the presence of one of Europe's largest stock exchanges has increasingly pulled in foreign banks—some 30 are now represented in Amsterdam and more are expected. In Holland, financial traffic is effectively controlled by the central bank De Nederlandsche Bank.

The proposed new European Options Exchange, modelled on the Chicago Board Options Exchange and intended to provide the means, not at present

available in Europe, for trade in share options, is expected to prove a magnet to those with a penchant for this new refinement of investment activity.

Naturally, foreign participants will have to operate through specially formed Dutch companies. Indeed, the tax advantages available for foreign-owned companies—and their overseas-based senior staffs—are reinforcing Amsterdam's other attractions as a site for the European head offices of many international companies.

Schiphol, Holland's main airport, nine miles from Amsterdam, is seen as a gateway to Europe, specialising in air freight, much of which goes on by road. It employs 24,000 and generates many more jobs, everything from truck depots to the local flower auction which handles such exotica as orchids.

Down in from Makypia and Singapore for the jet-setters of Europe, Schiphol, which provides bonded warehouses for 60 companies, has seen its air freight multiply from 75,000 tons to 250,000 tons a year in the decade to 1975. Middle and Far East traffic having grown most strongly. Forecasts, much scaled down in the recession, envisage further increases to 550,000 tons by 1985. The original estimate of 1.3m. tons was lowered after plans for a second airport in the north-east were effectively put on ice.

Unfortunately, Schiphol's facilities and traffic make significant point in the context of drug-trafficking. In May this year Customs officials brought "hash-dog," Nero, a Ge shepherd dog, which several successes in his down plastic bags containing drugs. "Alas," the under-proved too smart for him New this of poisoning a end of September. Howe spokesman for the Finance Ministry, while responsible for the Customs said yesterday: "We already have more than one operation, not only at Schiphol, they can be switched around necessary."

One of the best hope for future employment in Amsterdam, with its natural assets, must be tourism, catered for by 475 hotels, 20,000 rooms, half of them class. Here, as elsewhere, recession has left its mark. Visitors have been fewer than in 1976 and at present over-capacity much expanded hotel provision.

It seems likely, however, this spare capacity will be up, even though the guilder—boosted by North oil revenues—may prove a rent.

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APPOINTMENTS

M. Sharman is Chloride Europe chief executive

Mr. M. J. Sharman has been appointed managing director of CHLORIDE EUROPE...

Mr. P. G. Clarke and Mr. D. J. Paget, assistant controllers... Thomson Regional Newspapers has appointed two assistant managers...

Mr. Ian Moorecock has become sales director of BLUESTONE FURNITURE...

Mr. Christopher Foy, formerly personnel manager, has been appointed to the new post of personnel director of WALL'S MEAT COMPANY...

Mr. Paul H. Kohler has been appointed managing director of TRIDENT INTERNATIONAL FINANCE Hong Kong...

Mr. B. A. Reynolds, Mr. M. E. Thomson, Mr. K. Haarhoff, Mr. M. Webb and Mr. G. J. Thomas have been appointed assistant vice presidents...

Mr. Peter Allen has been appointed to the newly-created position of deputy managing director, HONEYWELL INFORMATION SYSTEMS...

Mr. N. K. S. Willis has been appointed a director and elected a deputy chairman of INITIAL SERVICES in place of Mr. W. M. Dravers...

Mr. Ken Blundell, a director of WAT MORRISON SUPERMARKETS, has taken over responsibility for the company's new store programme...

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New deputy managing director for Honeywell Information



Mr. Brian Long

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HOME CONTRACTS

£11.3m. road works

The Eastern Road Construction Unit of the Department of Transport has accepted the contract for £11.3m. tender of the SALTER ROAD...

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Instead of throwing money away on wasted energy, why not get an orchestra to play music while you work?

The heady strains of Tchaikovsky, a sprightly Strauss waltz, the soothing lullaby of Brahms. Played live.

All this could be yours over the clatter of the typing pool, or the grinding of heavy machinery. But these are pleasures denied to most companies in the land.

Instead, they choose to fritter away the money it would take on excess energy. Up to 15% of the total energy bill for heating, lighting and power. Wasted.

Which could mean £1,500 lost on a bill of £10,000. On a bill of £1 million, it's £150,000.

So, how can you stop it? First, call our Energy Quick Advice Service. It's a Freefone service to answer immediate questions on non-domestic energy problems.

Second, use the coupon to arrange for

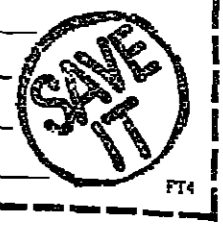
an Energy Survey. We'll send you a list of independent consultants. The one you choose will spend one day on your premises evaluating your specific areas of energy wastage.

It'll cost you a modest fee, up to £60 of it now being paid by us. Your consultant will then send you a report recommending the best and most cost-effective action to take.

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INTERNATIONAL FINANCIAL COMPANY NEWS

BAT plan to acquire Juvena Int. minority

BY JOHN WICKS

ZURICH, Nov. 21.

THE BRITISH AMERICAN Tobacco group is to become the sole owner of the Swiss-based cosmetics operation Juvena International in 1982. This is the earliest date at which the BAT subsidiary British American Cosmetics (BAC) can exercise its option to acquire the 49 per cent stake currently held by Juvena Holding AG, of Volketswil.

ACEC profit to be hit by interim setback

By David Buchan

BRUSSELS, Nov. 21.

ATELIERS DE CONSTRUCTIONS Electriques de Charleroi (ACEC), the big Belgian heavy machinery maker, has announced a doubling of its turnover for this year—10 to B.Frs.74m. (£12m.)—compared with B.Frs.32m. in the same period in 1976. First-half turnover was slightly down at B.Frs.5.55m., compared with B.Frs.5.99m. in the first six months of 1976.

Despite this, ACEC executives are confident that on the pattern of previous years, the second half of 1977 will put the company into overall profit, though this will be less than the B.Frs.129.5m. profit recorded at the end of 1976. But ACEC, which because of large accumulated losses in past years has not paid a dividend since 1968, is not expected to do so this year either.

Union Carbide production advanced

BY KEVIN DONE, CHEMICALS CORRESPONDENT

UNION CARBIDE, one of the leading U.S. chemical companies, claims to have made a significant advance in the technology for producing one of the world's most widely used plastics, low density polyethylene.

According to Mr. William Sneath, chairman of Union Carbide, the new process requires only half the capital and a quarter of the energy needed by current methods. The technology is unlikely to have a major impact on the polyethylene industry for three to four years, but the company has forecast that the new process could bring prices 15 per cent to 25 per cent below the level previously predicted for 1980.

which first pioneered polyethylene manufacture some 40 years ago and is the largest producer in the U.K., regards the new process as, potentially, a very important technological breakthrough.

With the serious overcapacity currently existing among West European manufacturers, ICI does not expect the new process to be affecting prices in Europe before the 1980s. This year's consumption is unlikely to exceed 3.8m. tonnes in Western Europe, compared with an installed capacity of some 5m. tonnes.

Prices are already very low and well below levels that would justify reinvestment. From a level last year of some DM1.50 a kilo, LDPE prices fell earlier this year to about DM1.20. Prices have now risen to about DM1.40 but they are likely to have to rise further even to reach justifiable re-investment levels for high-pressure process which require to support the new process.

With new plants still coming on stream in Western Europe,

ABU in venture with Garcia

BY JOHN WALKER

STOCKHOLM, Nov. 21.

THE SWEDISH fishing tackle manufacturer ABU AB has formed a new company in the U.S. in cooperation with the Garcia corporation, which will sell ABU's multiplying reels as well as Garcia's reels and other fishing tackle. The new company will be called Garcia's Tackle.

—has been approved by the two boards. This company was the owner of the French Mitchell reel manufacturers and when the factory was sold to Garcia a substantial part of the payment was in the form of Garcia stock.

Block on Comind shares sale

BY SUE BRANFORD

SAO PAULO, Nov. 21.

IN A CONTROVERSIAL and unexpected measure, the Banco Central has intervened on the Sao Paulo stock market to prevent the sale of a large number of shares in Banco Comind, a traditional Brazilian bank.

The operation first involved Cruzeiro's 100. The operation first involved Cruzeiro's 100. The operation first involved Cruzeiro's 100.

Euro-debt assessments

By Mary Campbell

THE GO-AHEAD is expected to be a second stage exercise to assess the state of borrowing by industrial countries from Euro-banks. The exercise was set out in a pilot basis last year and was widely welcomed by the banks (if not by country borrowers).

It is likely to be carried out by December 31 and to be formalised in a regular six-monthly system. The data is collected first-hand by central banks, housing major international banks. The banks aggregate the figures to produce a list of countries according to the maturity and pass on the data to the Bank for International Settlements.

MEDIUM TERM CREDITS

Lebanon enters market with \$150m. loan

BY FRANCIS GHILES

LEBANON HAS just completed its first medium term loan: the Council for the Development and Reconstruction of Lebanon is raising \$150m for seven years with a split spread over the

from other Arab countries into Lebanon has been relatively disappointing. This loan should not be taken to mean that the country is turning to the Euro-markets for cash in desperation.

Imasco offers \$C65m. for Koffler

BY ROBERT GIBBENS

MONTREAL, Nov. 21.

THE BRITISH-CONTROLLED family which holds 49 per cent of the A and B shares has accepted and recommends the offer. Imasco has set a minimum of 90 per cent acceptance.

The new 5 per cent Imasco preferred shares would be convertible into common shares within three years. Imasco will pay with \$C25m, received from take-over bid and it was the Government's duty "to defend the interests of the minority shareholders" and "to protect the position of Comind, a traditional financial institution, which is operating fully under normal conditions."

SELECTED EURODOLLAR BOND PRICES MID-DAY INDICATIONS

Table with columns: STRAIGHTS, Bid, Offer, Macmillan Bloedel 5 1/2% 1982, Massey Ferguson 5 1/2% 1981, etc.

NOTES

Table with columns: Bid, Offer, Australia 7 1/2% 1984, Bell Canada 7 1/2% 1987, etc.

This announcement appears as a matter of record only.



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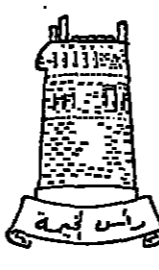
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November 1977

Ras Al-Khaimah



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مكاتب الأبحاث

INTERNATIONAL FINANCIAL AND COMPANY NEWS

venska Varv AB

S \$35,000,000

Loan Facility

represented by **Banco Investments Limited**

acted by **Equipe Canadienne Nationale**, **Merrill Lynch International Bank Limited**, **Indic Asia Limited**, **Public National Bank of Dallas**, **Associated Japanese Bank (International) Limited**, **ard Trust Bank**, **ntic International Bank Limited**, **in Lanschot Bankiers**, **Manufacturers National Bank of Detroit**, **Nassau Branch**, **rwmut Bank of Boston N.A.**, **Nassau Branch**, **Banken International (Luxembourg) S.A.**, **orld Banking Corporation S.A.**

nt **orld Banking Corporation S.A.**

London, 18 November 1977

AUSTRALIAN NEWS

Peak earnings from ANZ

BY JAMES FORTH SYDNEY, Nov. 21.

THE AUSTRALIA and New Zealand Banking Group has had a more consistent year than its rival the National Bank pushing profits ahead by 18.5 per cent to a record \$433.2m.

The National Bank recently unveiled profits for last year higher by 12.7 per cent at \$427.1m, following a modest 3.3 per cent rise in earnings during the second half. In contrast, profits growth at ANZ was virtually identical over the two halves of last year.

The ANZ will pay a final dividend of 12 cents a share, making a total of 20 cents, or two cents more than the minimum forecast by directors in February when the bank made a \$432m rights issue. Total income of the ANZ was \$461.0m, with banking activities contributing \$411.1m, a 15 per cent gain on the previous year's \$357m, and non-banking areas \$200m, a 35 per cent advance on last year's \$147.5m.

As recently reported the ANZ's finance arm, Esanda contributed \$42.2m, to the latest result compared with \$13.5m in 1975-76. The 20 cents dividend is covered by earnings of 60.6 cents a share compared with 61.3 cents last year, on capital before the rights issue.

Of the other activities, trading bank profits rose from \$49.59m to \$410.91m, savings bank in Australia from \$47.21m, to \$49.97m, and in New Zealand a \$432m rights issue. Total from \$4508,000 to \$4535,000.

Queensland buys into Amoco Australia

BY OUR OWN CORRESPONDENT SYDNEY, Nov. 21.

THE QUEENSLAND Government's insurance company has bought a 20 per cent stake in oil refiner and petroleum products retailer, Amoco Australia Limited, the local offshoot of Standard Oil of Indiana.

The state government insurance company (SGIO) will pay \$428m for the stake, which capitalises Amoco at \$4140m. This is almost double the \$475m two Australian petroleum companies, Ampol Petroleum and H. C. Sleight offered last year to buy Amoco.

The funds from the SGIO purchase will be used to expand the production of Amoco's Australian refinery—located in Brisbane—from a daily rate of 30,000 barrels of crude to 45,000 barrels.

The refinery expansion will substantially reduce Queensland's dependence on refined petroleum products from other states and from overseas. It will minimise shortages of supply within the industry which have been chronic for the past couple of years.

Amoco currently markets petrol in four states—Queensland, New South Wales, Victoria and South Australia, and has subsidiaries engaged in the distribution of vehicles and electrical products.

Current growth developments include Burns Philp Trustee Co of \$47.6m, which Amoco expects to exceed in 1977.

The Amoco purchase is the largest single investment by the SGIO which concentrates its investments in Queensland, but represents only 5 per cent of the insurance group's total assets at June 30 of \$8554m.

Optimism at Burns Philp

BURNS PHILP and Company's results so far this year indicate its overall performance should be much better than in 1976-77, the chairman, Mr. J. D. O. Burns, told the annual meeting, Reuter reports from Sydney.

Net attributable profit was \$7.29m in the year ended June 30.

Burns said results from Pacific area operations have continued at a satisfactory level since June 30 but results from Australian trading operations had been disappointing.

He said the continued very dry conditions of the building industry was of particular concern, the Victorian power strike had an adverse effect on parts of the group and stack consumer demand has affected Australian subsidiaries engaged in the distribution of vehicles and electrical products.

Current growth developments include Burns Philp Trustee Co of \$47.6m, which Amoco expects to exceed in 1977.

The Amoco purchase is the largest single investment by the

FOREIGN INVESTMENT IN INDIA

Welcome—on terms

BY K. K. SHARMA IN NEW DELHI

THE RECENT withdrawal from India of Coca Cola and of International Business Machines has no doubt stimulated some further reappraisal of prospects for potential foreign investors in general and the multinational companies in particular.

Not that the action of the two U.S. corporations was in itself unduly surprising. Their exit from the country was merely a dramatic incident in the development of the policies of the Indian Government towards foreign investment. Under those policies, 52 foreign companies have already decided to wind up their operations, while the Government has asked another 14 to follow suit.

The existing 670-odd foreign companies functioning in India entered the country when the late Prime Minister, Mr. Jawaharlal Nehru, threw open the economy in the early 1950s to investment from abroad in the hope that Indians would get jobs and technology, and the economy a much-needed boost. As a result foreign investment was welcomed in all sectors, and manufacturing and trading by multinationals mushroomed in areas ranging from toothpaste and typewriter ribbons to oil refining and electronics. Indian-owned industry developed simultaneously, while public sector investments began in areas requiring heavy investments—such as steel, heavy engineering, and machine tools.

To promote Indian industry, chatters were put around the Indian economy, which remains a highly protected market that ensures virtually no foreign competition from concerns manufacturing in the same categories. But for companies operating in India also benefit from this, and towards the mid-1960s questions about the level of technology transfer and the advantage to the economy began to be asked when repatriation of profits and royalty payments threatened to outstrip earnings from exports. The debate resulted in a new policy towards multinationals, both those already in the country and those that might want to invest. For existing companies, with the exception of the foreign oil companies which came under share does not necessarily mean abandonment of policy control or harm to the company's interests. Many feel that the injection of rupee funds involved in "Indianisation" enables them to widen their capital base and expand their operations in a growing market.

New investment will be allowed along much the same lines. The policy is first to seek outright purchase of technology and, if this is not possible, to allow technological collaboration with Indian partners. Financial participation is allowed in rare cases and there has been no case in recent years when 100 per cent holdings by foreign companies have been allowed by the Foreign Investment Board of the Cabinet, to which all cases are referred.

Implementation of FERA for existing concerns will continue, as will the new policy of "selective" investment. The new Janata Government has still to announce its foreign investment policy, but demands by extremists to close the economy totally and not actively to search for foreign parties have been silenced. This is reflected in the recent economic policy statement by the Janata Party's Executive.

There will thus be a continuity in foreign investment policy as defined by FERA and related announcements. What these hold down to is that foreign companies are welcome so long as they come on India's terms. They will find they cannot make heavy profits on low investments, as in the consumer goods fields, while specialised and essential holdings through public issues—such as for example, the drugs industry—will be covered by special policies. Their only lure is a large and growing market. The Government, and the many firms that have chosen to remain, feel that this is inconducive enough.

INDIAN businessmen are to be allowed to make financial investments in joint ventures abroad, the first time that they have been permitted equity participation in projects overseas, writes K. K. Sharma. Financial investments have so far been strictly hammed, and Indian joint ventures abroad are entirely in the form of technological collaboration.

The relaxation is partly due to India's buoyant foreign exchange reserves, which are now well over the \$4bn, mark and continue to rise by around \$120m every month. The rise is mainly due to higher remittances by Indians working abroad, but also because the export boom is continuing.

The Government is anxious to run down the reserves because they are causing a rise in money supply and adding to inflationary pressures, but its efforts have so far been unsuccessful. The Finance Minister budgeted for Rs.8bn. (\$500m.) as revenue from the reserves, but more than nine months of the financial year have elapsed without a fall in the reserves, despite a liberal policy of import of capital equipment and consumer goods.

Among the proposals for reducing the reserves are a relaxation of overseas financial investments policy and easier foreign travel rates for Indians.

special agreement (they have now been bought out by the Government after prolonged negotiations and payment of compensation), the guidelines under the Foreign Exchange Regulation Act (FERA) of 1973 apply. These require all to dilute their foreign equity shareholdings to 40 per cent in a phased manner unless they diversify into agreed fields both want 100 per cent control coming under the category of "sophisticated technology" or "export," although they can retain a majority share provided they propose an acceptable package combining both these categories. Proposals made by all foreign

launched a deep-sea fishing unit catering solely to export markets. Hindustan Lever, a Unilever subsidiary, has reduced its foreign holdings through public issues. It is only companies whose global policies that have resisted and wound up. I.B.M. and Coca Cola are the prime examples, since both want 100 per cent control over what they consider are "sophisticated technology" or "export," although they can retain a majority share provided they propose an acceptable package combining both these categories. Proposals made by all foreign

JAPANESE COMPANIES

Sales soar at Nippon Suisan

BY YOKO SHIBATA TOKYO, Nov. 21.

NIPPON SUISAN, Japan's largest fishery company, has beaten its original sales target by 40 per cent, to achieve sales worth ¥221bn. in the six months ending last September, up 55 per cent over the corresponding term of last year. Following the recent establishment of a 200-mile Soviet Fishing Zone, Nippon Suisan, with its haul heavily depending upon pollack, feared a fall in its catch. But a 50 per cent price increase for pollack over the previous year level cancelled out the fall in Nippon Suisan's catch.

Nippon Suisan has a sound financial position—its financial liabilities at ¥43.5bn. are one-third of the industry average and its equity to capital ratio is 20.8 per cent, 16 per cent, is the average for the rest of the industry).

Nippon Suisan also reduced labour costs by shifting 1,000 employees (mainly in whaling division) to the newly integrated whaling company. As a result, its current profits rose by 48 per cent, to ¥5.5bn. up 4 per cent. Per share profits improved by 8.6 per cent over year ago.

Toyoko Kogyo declined to give a prediction of after-tax profit for the year. It reported after-tax profit of ¥1.05bn. the previous year.

The rise in profits looked for by Toyoko Kogyo takes the company's recovery a stage further. In the year to October, 1977, a third of the industry average and its equity to capital ratio is 20.8 per cent, 16 per cent, is the average for the rest of the industry).

Sales will show a rise of 7.1 per cent. Toyoko Kogyo also reported a 42 per cent rise in profit before tax and special items for the year ended October 31, to ¥8bn. from ¥5.64bn. the previous year, associated with the attempt to market "clean" emission rotary engine Mazda cars.

recovery continues

TOYO KOGYO Company, the maker of Mazda cars, expects to report a 42 per cent rise in profit before tax and special items for the year ended October 31, to ¥8bn. from ¥5.64bn. the previous year, associated with the attempt to market "clean" emission rotary engine Mazda cars.

Japanese companies' results for half-year to September 30

Company	After-tax profits		Sales		Interim dividend	
	1977 Ybn.	1976 Ybn.	1977 Ybn.	1976 Ybn.	1977 Y.	1976 Y.
Furukawa Electric Co.	0.933	0.521	127.68	127.63	1.5	1.5
Kanematsu-Gosho	0.280	0.213	1,128.00	1,175.00	nil	nil
Mitsui Toatsu Chemicals	*4.01	*6.46	152.81	147.02	nil	nil
Nippon Yusen K.K.	3.95	0.549	213.12	209.61	nil	nil
Nissho-Iwai Co.	1.48	2.34	2,230.00	2,240.00	3	3
Nippon Toyo Bearing Co.	*1.206	*0.897	50.470	43.477	nil	2.5
Taisho Pharmaceutical Co.	5.113	4.955	33.201	30.158	nil	nil

* Loss.

Sime Darby may switch domicile

KUALA LUMPUR, Nov. 21.

SIME DARBY HOLDINGS, the conglomerate with interests throughout southeast Asia, is seriously considering switching its incorporation from the U.K. to Malaysia, the chairman, Mr. Tun Tan Siew Sin, is quoted as telling shareholders. AP-DJ reports from Kuala Lumpur.

He also indicated that the diversified plantation group will take a tough line in the future with its unprofitable companies, and admitted an error of judgment in the sale last year of warrants in Consolidated Plantations, a group company.

He said Sime Darby is resident in Malaysia for tax and exchange control purposes and the many implications of a change in domicile have to be studied before a decision is taken.

Officials later said that if the company makes the transfer, it would be largely to appease southeast Asian sentiment and would not be of much practical benefit to its operations.

Two shareholders asked about Sime Darby's western international division, most of whose operations are based in the U.K., and the performance of the Robert Bradford Group, U.K. insurance broker whose losses in the aviation field cost Sime Darby the equivalent of \$20m. in the year ended June 30.

These securities having been sold, this announcement appears as a matter of record only.

November, 1977

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Merrill Lynch International & Co.
Kuwait Foreign Trading Contracting & Investment Co. (S.A.K.)

Surprise fall at C. G. Smith Sugar

By Richard Rolfe JOHANNESBURG, Nov. 21.

C. G. SMITH SUGAR, the producer which accounts for about 25 per cent of South African sugar output, and which recently acquired Illovo Estates from Tate and Lyle, adding another 10 per cent, or so of local production, has reported a surprising fall in operating profits from R8.8m. to R8.5m. for the six months to end-September.

Sugar output, before allowing for Illovo, is expected to be up about 70,000 tons in the current season to 591,000 tons, but the Board says that taxed profits for the full year are not expected to reach the previous year's level.

One reason offered is that lower dividend income is expected from the interest in the holding company, C. G. Smith and Company, but the main problem seems to be that there was an "over-recovery" of costs in the previous year, which is now being "corrected." The interim dividend has been held at 20c, however, and the official forecast is for a maintained total of 75c, putting the shares, at 600c, on a yield of 12.5 per cent.

November, 1977

This announcement appears as a matter of record only

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U.S. \$10,000,000

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Agent **Western American Bank (Europe) Limited**

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(Construction Bank)

US \$40,000,000

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Security Pacific Bank **Societe Generale**
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Agent Bank **IRAN OVERSEAS INVESTMENT BANK LIMITED**
(IRANVEST)

November 1977

Danfoss sales rising

By Hilary Barnes COPENHAGEN, Nov. 21.

DANFOSS, the Danish manufacturer of hydraulics, compressors and temperature control equipment, increased sales by 14 per cent to Kr.2.1bn. (£180m.) in the year ending September 30, the company announced today.

Sales have doubled in five years, the company said. Earnings were satisfactory but the preliminary statement contained no figures.

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LEGAL NOTICES

No. 88564 of 1977
 IN THE HIGH COURT OF JUSTICE
 Chancery Division, Companies Court, in
 the Matter of ALCO HARDWARE
 LIMITED and the Matter of The
 Companies Act, 1948.
 NOTICE IS HEREBY GIVEN, that a
 Petition for the Winding-up of the above-
 named Company by the High Court of
 Justice was on the 4th day of November
 1977, presented to the said Court by
 WESTERN CLASS WORKS LIMITED,
 whose registered office is situate at
 Armaroad Road, Barnhill, East, Ban-
 nockburn, Hampshire, RG24 0DE. Importers
 and Factors of Hardware, and that the
 said Petition is directed to be heard
 before the Court sitting at the Royal
 Courts of Justice, Strand, London WC2A
 2LL, on the 5th day of December 1977, and
 any creditor or contributory of the said
 Company desirous to support or oppose
 the making of an Order on the said
 Petition may appear at the time of hear-
 ing, in person or by his counsel, for that
 purpose, and a copy of the Petition will
 be furnished by the undersigned to any
 creditor or contributory of the said
 Company requiring such copy on payment
 of the regulated charge for the same.
 HUBERT W. BISHOP,
 NATHAN AND VANDYK,
 20, Copthall Avenue,
 London WC2A 2LU.
 Ref: TY 88564/77.

No. 88575 of 1977
 IN THE HIGH COURT OF JUSTICE
 Chancery Division, Companies Court, in
 the Matter of ROBERT SIMMONS ROAD
 TRANSPORT LIMITED and the Matter of
 The Companies Act, 1948.
 NOTICE IS HEREBY GIVEN, that a
 Petition for the Winding-up of the above-
 named Company by the High Court of
 Justice was on the 17th day of November
 1977, presented to the said Court by
 SHELL U.K. LIMITED whose Registered
 Office is at Shell-Mex House, Strand
 London, W.C.2. Petitioners Distributors,
 and that the said Petition is directed to
 be heard before the Court sitting at the
 Royal Courts of Justice, Strand, London
 WC2A 2LL, on the 18th day of December
 1977, and any creditor or contributory of
 the said Company desirous to support or
 oppose the making of an Order on the said
 Petition may appear at the time of hear-
 ing, in person or by his counsel, for that
 purpose, and a copy of the Petition will
 be furnished by the undersigned to any
 creditor or contributory of the said
 Company requiring such copy on payment
 of the regulated charge for the same.
 BEAUCHROFT, SYMAN ISAACS,
 1, Chancery Lane,
 London, WC2A 1SU.
 Ref: CAT Tel: 61-542 1011. Ext. 238.

No. 88576 of 1977
 IN THE HIGH COURT OF JUSTICE
 Chancery Division, Companies Court, in
 the Matter of ROBERT SIMMONS ROAD
 TRANSPORT LIMITED and the Matter of
 The Companies Act, 1948.
 NOTICE IS HEREBY GIVEN, that a
 Petition for the Winding-up of the above-
 named Company by the High Court of
 Justice was on the 17th day of November
 1977, presented to the said Court by
 SHELL U.K. LIMITED whose Registered
 Office is at Shell-Mex House, Strand
 London, W.C.2. Petitioners Distributors,
 and that the said Petition is directed to
 be heard before the Court sitting at the
 Royal Courts of Justice, Strand, London
 WC2A 2LL, on the 18th day of December
 1977, and any creditor or contributory of
 the said Company desirous to support or
 oppose the making of an Order on the said
 Petition may appear at the time of hear-
 ing, in person or by his counsel, for that
 purpose, and a copy of the Petition will
 be furnished by the undersigned to any
 creditor or contributory of the said
 Company requiring such copy on payment
 of the regulated charge for the same.
 BEAUCHROFT, SYMAN ISAACS,
 1, Chancery Lane,
 London, WC2A 1SU.
 Ref: CAT Tel: 61-542 1011. Ext. 238.

Republic National Bank of New York

Consolidated Statement of Condition
 SEPTEMBER 30

ASSETS	1977	1976
Cash and due from banks	\$ 27,658,533	\$ 65,916,166
Interest bearing deposits with banks	283,826,882	374,683,624
Precious metals	80,823,661	22,916,317
Investment securities:		
U.S. Government obligations	155,505,102	90,384,857
Obligations of U.S. Government agencies	48,053,481	56,634,115
Obligations of states and political subdivisions	82,625,318	103,193,202
Other	186,508,765	69,040,056
Total investment securities	472,692,666	319,252,230
Further funds sold	65,000,000	37,000,000
Loans, net of unearned income	1,130,406,104	794,598,566
Less allowance for possible loan losses	(18,715,531)	(11,751,911)
	1,111,690,573	782,846,655
Customers' liability under acceptances	86,260,770	66,944,431
Bank premises and equipment	15,924,684	13,699,671
Accrued interest receivable	40,208,724	38,580,980
Other assets	47,551,341	39,132,117
Total assets	\$2,301,627,894	\$1,780,622,401

LIABILITIES	1977	1976
Deposits	\$1,888,689,900	\$1,453,583,322
Federal funds purchased and securities sold under agreement to repurchase	25,875,000	10,000,000
Other liabilities for borrowed money	2,381,825	3,372,614
Acceptances outstanding	87,349,477	87,423,031
Accrued interest payable	90,293,060	77,838,994
Other liabilities	20,396,422	13,308,304
6 1/4% - 8% Notes	808,000	808,000

STOCKHOLDERS' EQUITY	1977	1976
Common stock	25,000,000	21,482,080
Surplus	78,146,591	45,050,511
Surplus representing convertible notes obligation assumed by parent corporation	12,490,000	12,604,000
Undivided profits	70,007,789	55,411,545
Total stockholders' equity	185,644,380	134,548,136
Total liabilities and stockholders' equity	\$2,301,627,894	\$1,780,622,401

As of September 30, 1977 and 1976, the total investments in precious metals and the precious metal content of gold and silver coins were substantially hedged by forward sales. The total unhedged positions at those dates were \$1,082,438 and \$983,461, respectively.

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 Capital Funds including money market, in affiliated companies, U.S. \$ 327,433,000
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 (As June 30, 1977)
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Saul P. Steinberg
 Saul P. Steinberg
 Chairman and President
 Reliance Group, Incorporated

Reliance Group, Incorporated and Subsidiaries Financial Highlights

	Quarter Ended September 30		Nine Months Ended September 30	
	1977	1976	1977	1976
Revenues	\$304,035,000	\$259,655,000	\$847,555,000	\$715,750,000
Operating income after taxes	\$ 14,476,000	\$ 9,788,000	\$ 38,341,000	\$ 10,200,000
Net realized gain on insurance investments after taxes	933,000	2,650,000	3,742,000	9,579,000
Income after taxes, before extraordinary income	15,409,000	12,438,000	42,083,000	19,779,000
Extraordinary income ⁽¹⁾	7,720,000	1,131,000	23,164,000	4,106,000
Net income after taxes	\$ 23,129,000	\$ 13,569,000	\$ 65,247,000	\$ 23,885,000

Per-Share Information

	1977	1976	1977	1976
Operating income after taxes	\$1.65	\$1.08	\$4.31	\$.65
Net realized gain on insurance investments after taxes	.12	.36	.49	1.31
Income after taxes, before extraordinary income	1.77	1.44	4.80	1.96
Extraordinary income ⁽¹⁾	1.00	.15	3.03	.56
Net income after taxes	\$2.77	\$1.59	\$7.83	\$2.52

(1) Extraordinary income resulted from the utilization of tax loss carryovers.
 (2) Per-share computations are after deduction of dividend requirements on the Series C Preferred Stock.

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AN EARLY buying flurry petered out on Wall Street to-day and the market turned mildly lower on fears about a possible rise in the Consumer Price Index for October, scheduled for release to-morrow morning.

OTHER MARKETS

Canada sags With the exception of Banks, which firmed, all other sectors sagged in slow trading on Canadian Stock Markets yesterday morning.

Indices

Table of stock indices including NYSE-DOW JONES, MONTEAL, TORONTO, JOHANNESBURG, and various international indices with columns for Nov 17, 18, 19, 20, 21, 22 and High/Low values.

NEW YORK, Nov. 21

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STERLING FALLS

Sterling lost ground in late afternoon on some day's last week. The trading in the foreign exchange market yesterday, and the forward pound was also weak.

FOREIGN EXCHANGES

Table of foreign exchange rates for various currencies including Gold, Swiss Franc, and others.

CURRENCY RATES

Table of currency rates for various countries including Australia, Brazil, and others.

EXCHANGE CROSS-RATES

Table of exchange cross-rates for various currencies.

EURO-CURRENCY INTEREST RATES

Table of Euro-currency interest rates for various banks and currencies.

OVERSEAS SHARE INFORMATION

Large table of overseas share information for various countries including Australia, Brazil, Canada, Germany, Japan, and others, listing stock names and prices.

AMSTERDAM

Table of Amsterdam stock market data.

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Table of Amsterdam stock market data.

BRUSSELS/LUXEMBOURG

Table of Brussels/Luxembourg stock market data.

PARIS

Table of Paris stock market data.

SWITZERLAND

Table of Switzerland stock market data.

MILAN

Table of Milan stock market data.

TOKYO

Table of Tokyo stock market data.

BRUSSELS/LUXEMBOURG

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PARIS

Table of Paris stock market data.

SWITZERLAND

Table of Switzerland stock market data.

MILAN

Table of Milan stock market data.

VIENNA

Table of Vienna stock market data.

Handwritten notes and signatures at the bottom of the page.

London base metal prices hit by fall in gold

BY JOHN EDWARDS, COMMODITIES EDITOR

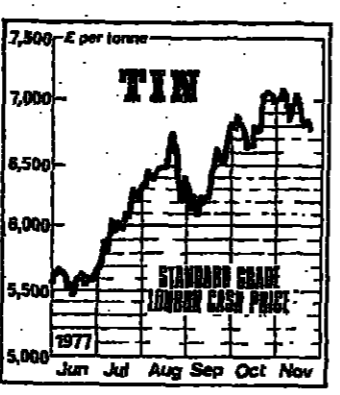
THE SHARP FALL in the price of gold and the early decline in the value of sterling brought a generally easier tone on the London Metal Exchange yesterday.

Standard grade cash tin lost £50 to £6,770 a tonne despite a much bigger than expected fall in the price of tin on the London Metal Exchange on February 1977.

The decline of 585 tonnes in the stocks reduced holdings to a lowly 2,930 tonnes and compared with market predictions last Friday of a marginal fall of 10 tonnes.

The stocks decline brought a temporary boost to prices, reversing an earlier decline in the wake of the fall in the sterling market at the week-end. But narrow selling continued until matched in late trading by some buying interest, especially for high-grade tin.

Another steep fall in LME zinc stocks—down for the 12th week in succession—also failed to lift zinc prices. The stocks decline of 2,075 tonnes to 60,775 tonnes did, however, steady the market at the lower levels. Cash zinc closed \$4.75 lower at \$294.75 a tonne, declining more than the three



TIN prices from June to October 1977.

months quotation, which lost £2.125 falling to £299.25.

An unexpected rise in lead stocks, up 100 to 62,450 tonnes, when a small decline had been forecast depressed prices.

It was confirmed yesterday by trade sources, according to Reuters that the Soviet Union had bought another 2,500 tonnes, in addition to 2,000 tonnes purchased earlier.

As anticipated copper stocks rose again to record levels. But the increase of 4,825 tonnes to total holdings to a massive 16,500 tonnes.

638,100 tonnes was rather more than predicted and was another depressing influence.

The late opening of the New York copper market, due to computer problems was an unsettling influence. As a result cash wires closed £3.75 down at \$561 a tonne.

The fundamental problem affecting the copper market was highlighted yesterday by a report from the Chilean Copper Commission that the country's copper output in the first nine months of this year was 781,500 tonnes compared with 732,000 tonnes in the same period last year.

With other developing countries which rely on copper as their main source of export earnings also refusing to cut output to match sluggish demand, it appears the Ministerial meeting of the Council of Copper Exporting Countries, starting on December 5 will face considerable problems in its efforts to raise prices to a more reasonable level.

Steel prices were also hit by the fall in gold, but rallied later as sterling weakened. LME silver holdings rose by 70,000 to 16,500 ounces.

Brazil plan to cut coffee price

By David White

RIO DE JANEIRO, Nov. 21. BRAZIL AIMS to fix a lower floor price for coffee exports within the next few weeks, Sr. Camillo Calazans, president of the Brazilian Coffee Institute (IBC), said today.

Sr. Calazans said that the IBC was ready to revise its six-month-old floor quotation of \$2.28 a lb. as soon as trading on the world market regained "significant" levels.

Brazil's floor price would be between \$2 and \$2.50 a lb., he said.

It is believed the Government is seeking to sell a further 2m. bags of coffee by the end of the year in an effort to put Brazil's trade this year in the black. The coffee trade surplus the country has shown since the 1973 oil crisis.

Brazil has sold 800,000 bags in recent weeks after resorting to discounts for traditional clients, reports say.

Sr. Calazans denied that recent sales were a repetition of the "special deals" which were common up to a few years ago and in which importers received differing conditions.

Official figures for last month show coffee sales of 41,600 bags. Exports for the first 10 months were 6.3m. bags, compared with 16m. for all last year—and receipts were \$2.3m. only slightly below last year.

A radical view on farm reform

By Christopher Parkes

SCRAP the present intervention system and abandon the concept of uniform farm prices. No so much strategy for the destruction of the Common Agricultural Policy, more a

treatise on giving new life to a dying institution, those suggestions are published today in a paper on British farming by Professor John Marsh of Aberdeen University.

Prof. Marsh's first objective is to whittle down and eventually to scrap those mountains of produce which stand as apparently permanent memorials to the wastefulness of the CAP.

As things stand, if the market price for a farm commodity falls below a fixed level, the Community moves into the market. It buys the product until the price rises above that "intervention" level.

When the support price is high as most are in the EEC, farmers, dairies and abattoirs find it perfectly profitable to produce for the intervention store, disregarding entirely the real demands of the consumer market.

Prof. Marsh says that every spring the Council of Ministers should decide how much of each commodity the EEC will be prepared to buy that season.

Accordingly, everyone offering produce for sale to the authorities will be paid only part of the full support price. At the end of the year, if the total sold into intervention is more than allowed for at the spring review, the support price will be diluted accordingly, and the balance paid to the producer will be reduced in direct proportion to the Nine's over-production.

This should discourage farmers from producing much next year and hence reduce the surpluses, says Prof. Marsh.

A valuable side-effect would be to help the Community keep a tighter grip on its farm budget each year, since the Nine would know each spring precisely how much they would be spending on intervention buying.

Far more revolutionary is the suggestion that the Community should stop trying to fix consumer and producer prices at a "common" level.

Prof. Marsh writes: "Community price fixing should focus on a 'trading price' for movement of goods between member countries or for entry from outside the Community. Individual governments would be free to establish different internal prices for consumers or producers or both."

But he adds: "The full cost of maintaining different intervention price levels would fall clearly on the government of the country concerned, not on the budget of the Community."

This the only "common" prices would be those used for the Community.

The Ministry of Agriculture described Prof. Marsh's views as "stimulating" and said they "deserved study."

Altogether, the paper represents an interesting contribution to the discussion of how to improve the operation of the Common Agricultural Policy.

Which sounded intriguing by the proposal that national governments should bear the full cost of maintaining different prices.

But this part of the plan, it would seem, should be "presented good deal of difficulty" to some member countries.

For the rest, the Ministry says that the idea for limiting intervention prices is similar in principle to the Government's own ideas for a sliding scale of intervention prices—dropping as surpluses developed.

The suggestion that the only "common" price should be that for trading in the Community, is said to be similar to the present arrangement in which green currencies allow for wide divergences between commodity prices in the nine member states.

Trading food around the EEC or for importing from outside the Community's frontiers. To keep prices at a uniform level a system similar to the present monetary compensatory amounts—levies and subsidies—would have to be retained.

For an illustration of the plan, consider the sale from West Germany to the U.K. of a commodity worth £100 in Britain, £200 in West Germany with a "common trading price" of £150.

The British government on the other hand, will have to pay £50 to bring the price down to the £100 prevalent in the U.K.

As at present, there will have to be a measure of "Community preference" with import taxes and, where appropriate, import subsidies, on purchases from non-EEC countries, to ensure that Common Market produce is always more attractive.

All in all, the system proposed by Professor Marsh appears as cumbersome and logically unattractive as the existing MCAs. But given normal economic circumstances, some form of compensatory amount system is unavoidable, regardless of the basic pricing policy in the EEC.

There is one major gain to be made, says Prof. Marsh. Exposing plainly the major flaw in the heart of the EEC farm policy, he says.

"The system of price support used in the CAP tends to force prices above the level of market equilibrium. This is understandable in view of the social and political significance of some prices to some governments.

"It is also understandable that such a policy imposes its own set of distortions, especially unsatisfactory when the price level fixed for social purposes in one country is much higher than is appropriate for another country where the problems of farmers may be less than those of consumers."

Replacing the present price system with something like this fundamental flaw, in the price level fixed for social purposes in one country is much higher than is appropriate for another country where the problems of farmers may be less than those of consumers."

It might also serve to put the responsibility for regional and social policy, at least in rural areas, back where many European political and even farming leaders believe it belongs: in the lap of national governments.

U.K. Agricultural Policy within the European Community, by J. S. Marsh, £1.50 post free. The Centre for Agricultural Strategy, University of Reading, Earley Gate, Reading RG6 2AT.

Beef herd numbers slip again

Our Commodities Staff

ER showing some signs of return earlier this year, the beef herd is falling again, says the Ministry of Agriculture's census shows that during the number of beef heifers pregnant for the first time was 18 per cent lower in September last year at 100.

The number of young female pregnant with their first calf was down by 26,000 or 24 per cent.

However, the pig breeding as a whole had risen markedly since the June head-census.

Small, the cattle breeding was down 55,000 or 15 per cent. The dairy herd increased per cent, reflecting the moved returns from milk production and the average 40c restriction, and the price freeze, dairying offers cure income.

Door demand at tea auction

TEAS WERE lower for the 48 packages of tea on offer yesterday's London auction. There was a slight improvement near the close, says the London Tea Brokers' Association. Quality Assam CTC lost 5p to a kilo, while Doonar and Gladest teas were 10p easier. A teas were neglected.

African teas lost 10p to a kilo. There was little demand for leaf teas. A kilo of Lankan teas, apart from one bright liquoring sort, met limited support, compared mainly of plain poorly varieties withdrawn with.

With the exception of brighter varieties, South Indian teas were dropped around 10p a kilo.

Cyclone hits Indian crops

NEW DELHI, Nov. 21. ANU Patap Singh, India's Minister of State for Agriculture, said that Saturday's cyclone caused extensive damage to rice, sugar cane, tobacco and crops in Andhra Pradesh, Madhya Pradesh, Bihar, West Bengal and Orissa. Several villages were reported to have been washed away by tidal waves in the Krishna River district near Orissa. In the States of Bihar, West Bengal and Orissa, the west coast was reported to be 1 km. south west of Bangalore yesterday.

Lower fishmeal output estimated

WORLD FISHMEAL production in 1977/78 is provisionally estimated at 3.83m. tonnes. The estimate in 1976/77 was 4.13m. tonnes.

The North European production is also likely to fall with Norway producing 430,000 tonnes against 460,500 and Denmark 300,000 tonnes against 423,000.

But Oil World says Soviet production would be 660,000 tonnes, against 640,000 tonnes and U.S. output is expected to rise to about 330,000 from 312,000.

World net export availability of fishmeal are estimated at 1.3m. tonnes, compared with 1.5m. tonnes below net exports last season.

Consumption is expected to fall by just over 300,000 tonnes to 3.88m. tonnes, with the fall generated by lower supplies and uncompetitive prices.

But if world market prices for fishmeal show higher premiums against the major competing protein meals the consumption may fall below 3.88m. tonnes.

Oil World said world fishmeal stocks are estimated to fall to 600,000 tonnes next October 1 from 650,000 tonnes on October 1 this year.

Stocks have fallen since October 1974 when they were 855,000 tonnes.

Soviet vegetable oil output last month was a record 326,000 tonnes. Oil World estimated. That would be 21 per cent higher than the 270,000 tonnes produced in October last year and brings total output for the first ten months of this year to 2.8m. tonnes, against 2.912m. for the same period last year.

Ghana cocoa purchases lower again

By Our Commodities Staff

THE ANNOUNCEMENT of another low Ghana main crop cocoa purchases figure yesterday initially lifted London futures prices but the gains were wiped out by the end of the day.

The Ghana Cocoa Marketing Board said purchases for the fifth week of the present main crop (ended November 17) were estimated at 6,023 tonnes bringing the cumulative total to 20,552 tonnes.

The Board's purchases for the first week of last year's main crop season ended on November 4 with the total standing at 10,258 tons.

In view of the lateness of the Ghana crop traders on the London market are understood to have formed a firm opinion of what last week's purchases figure was likely to be but most seemed to take the published figure as "bullish" at first sight.

Nearly values on the terminal market rose by up to £30 a tonne during the afternoon, but fell again quickly in the afternoon.

COMMODITY MARKET REPORTS AND PRICES

Table with columns for Commodity, Unit, Price, and Change. Includes sections for Base Metals (Copper, Tin, Lead, Zinc, Nickel, Silver), Rubber, and Wool Futures.

PRICE CHANGES

Table showing price changes for various commodities like Metals, Grains, and Oils. Columns include Commodity, Unit, and Price Change.

A complete commodity futures service

Whether your interest lies in one or in a dozen of the commodities traded on the London futures market the C.C.S.T. information, advisory and brokerage service can be tailored to your needs. Up-to-the-minute prices and background news are constantly relayed to our clients and trading advice given when required.

For those not wishing to make trading decisions themselves we operate a comprehensive managed account service. All details of our range of services can be obtained by contacting Mr. L. J. Clarke on 1-480 6841, or writing to

C.C.S.T. Commodities Ltd, Walsingham House, 35 Seething Lane, London EC3N 4AH.

LEGAL NOTICES

THE HIGH COURT OF JUSTICE, Divisional Court, in the matter of the Companies Act, 1948. Notice is hereby given that a winding-up order has been made by the High Court of Justice in the matter of the said Company by the said Court on the 17th day of November 1977.

PAKISTAN ORDERS MORE WHEAT

ISLAMABAD, Nov. 21. PAKISTAN will import 1m. tonnes of wheat to ensure sufficient food stocks until the harvest next August.

The figure is 550,000 tonnes more than had been ordered previously. It may be the Government of former Prime Minister Mr. Z. A. Bhutto predicted self-sufficiency in wheat.

The increased order was announced after a meeting of Government department heads with the military ruler, General Zia-ul-Haq.

Diplomatic sources say that Pakistan has asked the Western consortium countries for a considerable amount of commodity aid in addition to budgetary support. Balance of trade figures may show a deficit of \$100m. a month.

Brazil raises tax on soya

RIO DE JANEIRO, Nov. 21. EXPORTS of Brazilian soya meal and cake will bear an export tax of 3 per cent from to-day in circulation of the 5 per cent. The resolution by the Central Bank.

Under an agreement with the EEC Brazil will gradually increase the tax until it reaches 11.1 per cent next November.

Exports of soya meal are suspended while an inventory is taken to ensure domestic supplies.

French expect more maize

PARIS, Nov. 21. THE FRENCH Maize Producers' Association believes official forecasts for the 1977/78 maize crop of 8.4m. tonnes may be exceeded, if the maize in the fields is harvested normally.

The association said good autumn weather allowed the crop to make up ground lost in the summer. It would put a figure on its crop estimates.

By last Tuesday between 70 and 80 per cent of maize north of the River Loire had been harvested. Yields appeared to be above expectations.

In south-east France the crop is maturing. In the south west an average crop is expected. Reuter

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Brazil company in London

RIO DE JANEIRO, Nov. 21. COMPANHIA DE Entrepostos e Comercio, a private-Government capital trading company, has set up a commodities branch in London.

Cobec (U.K.) will trade in British coffee, cocoa, sugar and cotton markets.

Director of commodities in London is Alvaro Caiaa, who will be responsible for all Cobec's European operations. Reuter

New presenter for To-night

SUSANNAH SIMONS, 29, is to join the BBC-TV To-night programme in January as a film reporter and studio presenter.

She was a BBC studio manager for four years before joining LBC, the commercial radio station.

FINANCIAL TIMES

Table with columns for Nov. 17, 18, 19, 20, 21, 22. Includes sub-tables for Dow Jones and Moody's.

REUTERS

Table with columns for Nov. 21, 18, 19, 20, 21, 22. Includes sub-tables for Dow Jones and Moody's.

DOE JONES

Table with columns for Dow Jones index values for various dates.

MOODY'S

Table with columns for Moody's index values for various dates.

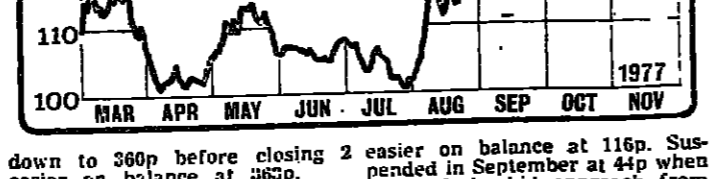
STOCK EXCHANGE REPORT

Uncertain markets drift lower in absence of buyers
Share index down 5.2 for 6-day loss of 26.1 at 475.3

Account Dealing Dates
In sympathy with the shorts and final quotations recorded falls to 100.

half-yearly figures. Bainbridge, Osborn fell 13 to 67p, after 63p, following the announcement that merger discussions with Weir Group had been terminated.

75p despite a good increase in 561p. Financials were featured by a fall of 12 to 202p in Dalgety on Press comment suggesting possible losses from the Australian cattle operations.



GEC dull
Small nervous offerings left GEC 7 down at 240p ahead of interim results due shortly.

Oil drift down
Trade in Oils was barely sufficient to test prices and the market drifted lower in the absence of buyers.

Allied Invs. rise
News late last Friday that Allied Investments may shortly be the subject of a bid approach caused a small speculative rise.

Properties were neglected. The leaders changed, with Land Securities shedding 3 at 190p, and MIPCC easing a penny to 112p.

Losses in FT-quoted equities outnumbered rises by over 2 to 1, and the widespread nature of the setback was reflected in losses in all the 45 group and sub-section equity indices.

FINANCIAL TIMES STOCK INDICES table with columns for various indices like Government, Industrial Ordinary, Gold Mines, etc.

HIGHS AND LOWS S.E. ACTIVITY table showing price ranges for various sectors like Govt. Sec., Fixed Int., Ind. Ord., Gold Mines.

OPTIONS TRADED table with columns for DEALING DATES, First Last, Deal-Declar, Last Account, etc.

NEW HIGHS AND LOWS FOR 1977 table listing various stocks and their performance metrics.

Potential buyers continued to show a marked lack of interest in stock markets yesterday and all three main sections gave further ground.

Potential buyers remained on the sidelines following a week-end Press highlighting their current major worries—the unknown level of future pay settlements and pressures on both the money supply and company profit margins.

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Gilts down again
British Funds had another poor session yesterday under the lead of the shorts which bore the brunt of a fresh round of selling.

Contracting and construction issues continued to give ground in Buildings. Richard Costain cheapened 4 more to 262p, after 261p, and Taylor Woodrow shed 6 to 418p.

BLACK DIAMONDS PENSIONS LIMITED
Offer for the Ordinary Shares of THE BRITISH INVESTMENT TRUST LIMITED
Arrangements have been made to announce daily an estimate of the value of the Offer throughout the Offer period.

RECENT ISSUES

EQUITIES table with columns for Stock, High, Low, Change, etc.

FIXED INTEREST STOCKS table with columns for Stock, High, Low, Change, etc.

"RIGHTS" OFFERS

Table listing rights offers for various stocks with columns for Stock, High, Low, Change, etc.

FT-ACTUARIES SHARE INDICES

Table showing FT-Actuaries Share Indices for various equity groups and fixed interest price indices.

FINANCIAL EXPERTS REASSESS COMMODITIES—HAVE YOU?
Free reprint of an article comparing results of investments in commodities with alternatives will be sent to you if you complete and return this coupon.

ACTIVE STOCKS table with columns for Stock, Denomination, Closing price, Change, etc.

Table with columns for Monday, Nov. 21, 1977, and other financial data.

AUTHORIZED UNIT TRUSTS

OFFSHORE AND OVERSEAS FUNDS

Table of Authorized Unit Trusts listing various funds such as British Life Office Ltd, Guinness (Antony) Unit Tr. Mgrs. Ltd, and others with their respective details and prices.

CLIVE INVESTMENTS LIMITED
Exchange Ave. London EC3V 3LU. Tel. 01-283 1101
Guide as at 8th November, 1977 (Base 100 at 14.77)
Five Fixed Interest Capital 133.11
Five Fixed Interest Income 125.04

Table titled 'INSURANCE BASE RATES' showing rates for various insurance types like Property Growth, Carnon Assurance, etc.

Table titled 'BASE LENDING RATES' showing rates for various banks and financial institutions.

NOTICE OF REDEMPTION TO THE HOLDERS OF
Motorola International Capital Corporation
85 Governors Buildings Fund
Debentures Issued 1977

Various notices and information regarding unit trusts and financial services, including details about the British Life Office and other financial institutions.

Table of Offshore and Overseas Funds listing various international investment funds such as Fidelity Mgt. & Res. (Bda) Ltd, Keywell Mgt. Jersey Ltd, and others.

INSURANCE, PROPERTY, BONDS

Table of Insurance, Property, and Bonds listing various insurance companies and their products, including Abbey Life Assurance Co. Ltd, Credit & Commerce Insurance, and others.

NOTES
Prices do not include 5 pence stamp where indicated & are in force unless otherwise stated.

FT SHARE INFORMATION SERVICE

Factoring means EASIER SALES ACCOUNTING! INTERNATIONAL FACTORS LIMITED

AMERICANS—Continued

Table listing American stocks with columns for High, Low, Stock, Price, Div, and Yield.

Conversion factor 0.7138 (0.7176)

CANADIANS

Table listing Canadian stocks with columns for High, Low, Stock, Price, Div, and Yield.

S.E. List Premium 40% (based on \$2.0000 per \$1)

BANKS AND HIRE PURCHASE

Table listing bank and hire purchase stocks with columns for High, Low, Stock, Price, Div, and Yield.

S.E. List Premium 40% (based on \$2.0000 per \$1)

BEERS, WINES AND SPIRITS

Table listing beer, wine, and spirit stocks with columns for High, Low, Stock, Price, Div, and Yield.

LOANS (Miscel.)

Table listing loan stocks with columns for High, Low, Stock, Price, Div, and Yield.

FOREIGN BONDS & RAILS

Table listing foreign bonds and rail stocks with columns for High, Low, Stock, Price, Div, and Yield.

AMERICANS

Table listing American stocks with columns for High, Low, Stock, Price, Div, and Yield.

BUILDING INDUSTRY, TIMBER AND ROADS

Table listing building, timber, and road stocks with columns for High, Low, Stock, Price, Div, and Yield.

BUILDING INDUSTRY—Cont.

Table listing building industry stocks with columns for High, Low, Stock, Price, Div, and Yield.

CHEMICALS, PLASTICS

Table listing chemical and plastic stocks with columns for High, Low, Stock, Price, Div, and Yield.

CINEMAS, THEATRES AND TV

Table listing cinema, theatre, and TV stocks with columns for High, Low, Stock, Price, Div, and Yield.

DRAPERY AND STORES

Table listing drapery and store stocks with columns for High, Low, Stock, Price, Div, and Yield.

AMERICANS

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DRAPERY AND STORES—Cont.

Table listing drapery and store stocks with columns for High, Low, Stock, Price, Div, and Yield.

ELECTRICAL AND RADIO

Table listing electrical and radio stocks with columns for High, Low, Stock, Price, Div, and Yield.

ENGINEERING MACHINE TOOLS

Table listing engineering and machine tool stocks with columns for High, Low, Stock, Price, Div, and Yield.

FOOD, GROCERIES, ETC.

Table listing food, grocery, and other stocks with columns for High, Low, Stock, Price, Div, and Yield.

AMERICANS

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BUILDING INDUSTRY, TIMBER AND ROADS

Table listing building, timber, and road stocks with columns for High, Low, Stock, Price, Div, and Yield.

ENGINEERING—Continued

Table listing engineering stocks with columns for High, Low, Stock, Price, Div, and Yield.

INDUSTRIALS (Miscel.)

Table listing industrial stocks with columns for High, Low, Stock, Price, Div, and Yield.

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مركزنا الجديد

INDUSTRIALS—Continued

Table of industrial stocks including Lloyds Bank, British Petroleum, and various engineering firms.

INSURANCE—Continued

Table of insurance companies such as Lloyds, Norwich Union, and others.

PROPERTY—Continued

Table of property-related stocks and companies.

INV. TRUSTS—Continued

Table of investment trusts including various fund managers.

FINANCE, LAND—Continued

Table of finance and land-related stocks.

MOTORS, AIRCRAFT TRADES

Table listing motor and aircraft related companies and their shares.

SHIPBUILDERS, REPAIRERS

Table listing shipbuilding and repair companies.

SHIPPING

Table listing shipping companies.

SOUTH AFRICANS

Table listing South African companies.

NEWSPAPERS, PUBLISHERS

Table listing newspaper and publishing companies.

PAPER-PRINTING ADVERTISING

Table listing paper and printing advertising companies.

TEXTILES

Table listing textile companies.

PROPERTY

Table listing property-related companies.

TOBACCO

Table listing tobacco companies.

TRUSTS, FINANCE, LAND

Table listing trusts, finance, and land companies.

INSURANCE

Table listing insurance companies.

PROPERTY

Table listing property-related companies.

TRUSTS, FINANCE, LAND

Table listing trusts, finance, and land companies.

FINANCE, LAND, etc.

Table listing finance, land, and other companies.

FINANCE

Table listing finance companies.

DIAMOND AND PLATINUM

Table listing diamond and platinum companies.

YASUDA TRUST AND BANKING advertisement.

MINES—Continued

Table of mine stocks including Central African and Australian mines.

TINS

Table of tin stocks.

MISCELLANEOUS

Table of miscellaneous stocks.

NOTES

Notes section containing various financial notices and company announcements.

REGIONAL MARKETS

Table of regional market data for various countries.

OPTIONS

Table of options and call rates.



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West disputes OECD's gloomy economic forecast

BY ROBERT MAUTNER

THE WESTERN world's economic strategy came under sharp scrutiny here today, following the tabling of gloomy growth and employment forecasts by the Secretariat of the Organisation for Economic Co-operation and Development.

at least, they had no intention of taking further expansionary measures. The West Germans threw doubt on the effectiveness of the OECD's strategy, which is based on the assumption that the three strongest economies—those of the U.S., West Germany and Japan—could alone act as "locomotives" for the world economy.

Dr. Hans Tietmeyer, the senior permanent official at the West German Economics Ministry, emphasised that while this might be true for the U.S., whose economy was not geared to exports, the West German economy could not act as a motor for the rest of the world as long as the general economic climate remained slack.

was certainly not planning to take the international organisation's advice to introduce more tax cuts or provide incentives to the housing industry. Mr. Charles Schulze, chairman of President Carter's Council of Economic Advisers, also stuck to the official U.S. target of 5 per cent. growth in 1978, in spite of the OECD's forecasts that, after expanding by 4.75 per cent. in the first half, the U.S. economy would grow by no more than about 3.5 per cent. in the second half.

Japan, as has become traditional in these meetings, again came under pressure from its partners to take more expansionary action. Boost for Schmidt Page 4

Olivetti sells Scots factory

OLIVETTI has sold its Glasgow typewriter factory to its rival Smith Corona shortly after bringing its new single-element portable on to the market. The new typewriter, the Lexikon, is the first portable to replace the conventional-type lever by a single round ball carrying impressions of all the letters.

Oil cash priority—'boost jobs and reduce poverty'

RECONSTRUCTION of productive industry and expansion of public services were identified yesterday as the most favoured priorities for use of North Sea oil revenue by the TUC-Labour Party liaison committee. The committee believes that given the likely size of North Sea benefits and the resources which investment in industry and public services would require, low priority should be given to overseas investment and "unnecessary or premature repayment of overseas debts."

was told, that overall improvement in the balance of payments arising from oil will be £5bn. in 1980 rising to £7bn. or £8bn. in 1985. In addition, the Government will be provided with an additional source of revenue expected to be worth more than £1.5bn. in 1979. There was a need, the committee said in a statement afterwards, to view the benefits flexibly and to use them as part of an overall strategy. Arising from this, two particular priorities emerged: "the need to reconstruct the U.K.'s productive industry and the need to expand public services as part of a social programme to build up essential services and reduce poverty and unemployment."

Economy prospects There was apparently broad agreement in the committee that creation of jobs was the most single specific priority to be achieved. Peter Riddell writes: An International Monetary Fund team yesterday started discussing prospects for the U.K. economy with Treasury officials in London. The team will spend most of this week looking at the books—effectively examining Treasury forecasts for the next year—and later in its fortnight's visit it will discuss the borrowing and monetary guidelines for 1978-79. The only other significant issue will be whether the U.K. starts early repayment of the \$1.18bn. oil facility and \$810m. first credit tranche. At present repayment of these loans does not start until 1979 and will be phased over a number of years. The U.K. may be willing to agree to some early repayment although it does not want to rush anything before the structure of the reserves has been improved. Decisions have not been taken on whether Mr. Healey will make a formal statement to the Commons or merely give an indication of the outcome in a written Parliamentary answer, and on whether there will be any kind of short supplementary Letter of Intent to the Fund.

Lucas faces sanctions summonses

By Arthur Smith TWO SUBSIDIARIES of Lucas Industries, the components group, face summonses alleging sanction-breaking trade with Rhodesia. The companies are Lucas Service Overseas and CAV, one of the world's largest producers of diesel fuel injection equipment. Three senior executives are also mentioned in summonses returnable at Princes Risborough next month.

Industrial agency planned by Greater Manchester

GREATER Manchester council is planning to set up Britain's first local authority development agency with power to provide grants and other assistance to existing and incoming industry. The agency—plans for which were agreed by Greater Manchester's policy committee yesterday and come before the full council for approval in a week's time—will receive an initial £5m contribution from the local authority. This is seen as mainly a starting sum to give the organisation security on which to borrow and access to other sources of funds. The Conservative-controlled council, whose administrative area has a population of almost 3m. divided among ten districts, is also planning to transfer its existing and proposed industrial estates to the agency, which will be set up as a guarantee company, to provide it with an asset base. Before making the move, the council sought legal advice to ensure that such a body—which in some respects resembles the development agencies in Scotland and Wales—could be set up under existing local government powers.

It is hoped that it can be functioning within a matter of months, compared with the several years it would almost certainly take to establish a similar organisation through a special parliamentary Bill. The plans, not yet outlined in full detail, have the broad support of all parties on the council. Discussions have also been held with leaders of the district councils and they will be asked to participate. The scheme stems from concern that the industrial problems of Greater Manchester have gained insufficient national attention. Mr. Arnold Fieldhouse, the council's leader, said yesterday that unemployment in the area was proportionately as high as in Wales and the area had lost a higher percentage of jobs in the ten years to 1971 than Merseyside, which had special development area status. "There is no indication that the switch of government funds to selective assistance has given any extra help to Greater Manchester and EEC grants within the North-West have gone almost entirely to other areas," he said. The scheme is seen by the council as a means of providing local self-help rather than competition with national schemes. The guarantee company, which will have an independent chairman and an advisory panel drawn from the local community, will seek links with local developers or consortia with experience in the industrial field as a basis for development partnerships. Through these partnerships, it is hoped, it would be able to identify and finance sites, convert and improve existing sites and make available services and infrastructure where required. It would be responsible, too, for providing finance for local industry with particular emphasis on small and medium-sized firms. Finance could take the form of loans, guarantees or even equity capital. Other functions would be the provision or channelling of grants, advice and information. Though the initial sum to be made available by the council is comparatively small, it is hoped that the new body would be able to play an important role in directing sources of finance available in the city, from the Government or from the EEC.

U.K. tenth in strike league GENEVA, Nov. 21. CANADA and Italy had the world's worst strike records last year, followed by Australia, Finland and the U.S., according to a survey published to-day by the International Labour Organisation. British officials noted with some satisfaction that France, which claims that industrial disputes are an "English disease," is eighth on the list while Britain is tenth. Strike figures were provided by 55 countries. Of those 18 accounted for 90 per cent. of lost working days. The ILO said that last year there were about 28,500 industrial disputes and lockouts, compared with 29,000 reported in 1975. These strikes accounted for about 109m. lost working days, which was 10 per cent. less than the year before. Canada suffered the most, with strikes and lockouts causing a loss of 2.27 days per worker. Italy was close behind with 2.2. Australia, in third place, reported 1.5 days lost per worker last year. Losses of about one day per worker were reported by Finland, Ireland, New Zealand and the U.S. More moderate losses of less than half a day per worker were reported by Denmark, France and Japan and the U.K. "Negligible" losses of less than one-tenth of a day per worker were reported by West Germany, the Netherlands, Norway, Sweden and Switzerland. Nearly 50 per cent. of all days lost were incurred in manufacturing. Although the number of workers involved declined from 11.3m. in 1975 to 10.5m. last year the loss of working time rose from 42m. days to 50m.

New U.S. plant for Teesside

THE U.S.-OWNED Worthington Service Corporation, which moved into the U.K. less than five years ago at Milford Haven, Dyfed, is to expand with a new plant on Teesside. Worthington Service Corporation Machinery Service (UK), specialist machinery repair engineers, is investing in a modern service centre at Hartlepool. A parallel expansion is planned for the Milford Haven workshops.

An emotional farewell

weeks whether Mr. Begin's willingness to welcome President Sadat to Israel will have strengthened his domestic political position, or whether his rather grudging public response to the Egyptian leader on Middle East peace will incur the irritation of an Israeli public that reacted with a spontaneous warmth to his visit. Time and again Mr. Sadat emphasised to-day that there were two points to be agreed on—that the October, 1973 war should be the last in the region and that all nations had an inalienable right to their own security. "We agree on the principle of security, but differ on the meaning of it," said Mr. Sadat. He was willing to accept any guarantees of whatever form to ensure this for Israel and, of course, for Egypt. Earlier at the Knesset, Mr. Sadat met the different Parli-

U.K. tenth in strike league

mentary factions. He said that he had listened with great interest to all they said. "But with all honesty, I don't agree with a lot here." His aim was to end the state of distrust and to find acceptance on the basic principles. Yet, there was also an air of great cordiality in the Knesset with Mr. Sadat pulling on his pipe and enjoying the banter he exchanged with former Prime Minister Golda Meir. Apart from expressing his deep appreciation for Mrs. Meir's presence, Mr. Sadat went even further at the Press conference to describe Mr. Begin as "my friend." But beneath this atmosphere, it was difficult to detect whether the two men had made any real progress in their private talks. Mr. Begin claimed that he had a plan for solving the Palestinian issue, which Mr. Sadat has said is at the very core of the Middle East problem.

Days lost

Per 1,000 workers: 1. Canada 2,270 days; 2. Italy 2,200; 3. Australia 1,490; 4. Finland 1,310; 5. U.S. 1,190; 6. New Zealand 940; 7. Ireland 840; 8. France 420; 9. Denmark 390; 10. U.K. 300; 11. Japan 150; 12. Norway 60. More moderate losses of less than half a day per worker were reported by Denmark, France and Japan and the U.K. "Negligible" losses of less than one-tenth of a day per worker were reported by West Germany, the Netherlands, Norway, Sweden and Switzerland. Nearly 50 per cent. of all days lost were incurred in manufacturing. Although the number of workers involved declined from 11.3m. in 1975 to 10.5m. last year the loss of working time rose from 42m. days to 50m. Alan Pike writes: The U.K. strike record was outstandingly good last year. A different picture will emerge when the figures for this year are compiled. By the end of September 6.4m. working days had been lost through strikes compared with 2.5m. in the first nine months of last year. A major factor last year was the very effective application of the Government's pay policy. International strike comparisons must be made in broad terms as the basis of the statistics varies considerably between countries.

Peak expected by Air Pacific

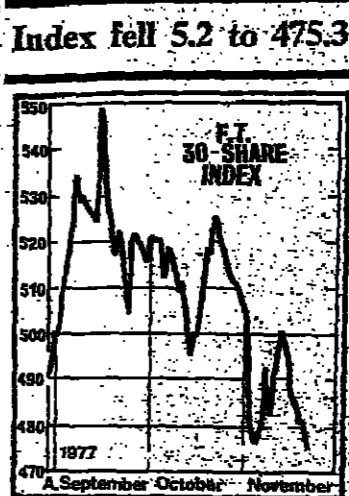
SUVA, Nov. 21. AIR PACIFIC said that it expects to make a record profit in its current fiscal year after some \$US2.45m. in losses in the previous five years. AP-DJ reports. In a preliminary statement, the company said earnings for the period ended March 31, were \$US1.3m. compared with \$US170,000 (about \$US78,000) profit forecast for the period. The profit results from an upsurge of traffic between Fiji and New Zealand and Australia. No exact estimates were available. Seat kilometers offered in the first six months of this year rose by 28 per cent. compared with the same period in 1976. Seats sold rose by 46 per cent. In the previous fiscal year, the company reported an operating loss of just over \$US1 million. This loss was reduced to \$US1,297,000 (about \$US228,000), with revenue from the sale of surplus aircraft and foreign exchange gains on loan repayments. The airline is owned jointly by seven Pacific island governments and three other international airlines, Qantas, Air New Zealand and British Airways.

Mirror dismisses London journalists

By Alan Pike, Labour Correspondent THE management of the Daily Mirror last night posted dismissal notices to all its London journalists who have been involved in a long dispute over a claim for pay increases of £3,000 a year. National Union of Journalists' members are pressing the demand to cover their annual house claim and payment for the transfer to new technology. They have rejected an offer which would increase salaries and allowances by £1,533 and provide a merit review which would take into account skills and responsibilities of those directly involved in the new technology plans. The offer would involve the loss of 45 jobs in London. The management of Mirror Group Newspapers is insisting that a return to work by the dismissed journalists must include not only acceptance of the offer, but an end to disruptive meetings which have hit production of the Daily Mirror and other publications in the group. During the past month, says the company, there have been 50 mandatory meetings of the NUJ chapel, or sections of staff. Journalists are now being asked for an assurance that there will be no further such meetings at times which would interfere with production without permission of the editor. Dismissal notices will go to journalists on the Sunday Mirror, Sunday People and Belle's later this week unless there is a settlement. Daily Mirror journalists in Manchester have accepted an offer similar in value to the one rejected in London and the newspaper is being produced there as usual. Average earnings on the Daily Mirror are about £7,150 and on the two Sunday papers between £7,500 and £7,600. The company says that the job reductions being demanded would be made up by non-replacement and reductions in casual employees rather than compulsory redundancy. As with other offices in Fleet Street, the Daily Mirror journalists are pursuing what it, in basic terms, a Phase Two claim. The NUJ deferred settlement of Phase Two increases, due last July, in the hope of avoiding the restrictions of pay policy. House agreements based on Phase Two settlements have since been concluded in some offices. The Scotsman appeared yesterday for the first time in more than a week after settlement of a dispute over journalists' differentials.

THE LEX COLUMN Sharing the cake at Fairey

Shareholders in Fairey should not assume they have lost everything. The engineering group went into receivership in October—just over two months after shareholders voted to increase the company's borrowing powers by about two-fifths, although the chairman promised not to exceed £28m. Now an institutional shareholders' committee, representing over 80 per cent. of the company's equity and including such stalwarts as Phoenix Assurance and the Prudential, has started to investigate the affair. This committee held its first meeting on Friday and it hopes to meet Lord Gregson and Mr. C. R. Gregory, Fairey's chief executive and finance director respectively, on Thursday or Friday. The institutions—and for that matter every shareholder's—main complaint is the lack of information about the company's troubles and the sequence of events which led to the appointment of Sir Charles Hardie as receiver on October 11. The situation has not been improved by the delay in preparation of the statutory statement of affairs, which was due to have been supplied to the receiver by the Fairey Board within 14 days of his appointment. For the time being, admittedly, shareholders' control over their company is frozen, the receiver having assumed full power. Nevertheless, the shareholders are in the position of seeing the Fairey employees take an active part in the negotiations between the receiver and potential buyers of various parts of the group. Indeed, some employee representatives are making the point that the U.K. operations of Fairey should not be broken up and are reported to be objecting to some of the potential buyers. This being the case, shareholders—a majority of whom, in this instance appear to be private investors—also need to be assured that their interests are being respected. One of the more notable features of company insolvency practice in recent years has been the increasing attention which receivers and liquidators have been paying to the employees involved in line with what they have perceived to be the changing social climate. Shareholders have only themselves to blame if they allow the balance to slip too much against their own interests. This is particularly



Local authorities Yesterday, Hounslow the growing band of authorities topping the share corporation stock market. Apart from the initial payment of 69 per cent. £1.2m. issue is identical earlier. Buckinghamshire Strathclyde issues and bri £22m. the amount of issued in this market. Bristol's pioneering issue August. The market is still infancy but it is clear that the growing band of authorities topping the share corporation stock market, it is here to stay available for distribution if the receiver gets his sums right. authority negotiable bond in terms of size. progress to date would be faster but removal of the "curse" in the sum group raised some \$20m. which made medium term a clear statement of the finance for more competent group's intention to expand in and the fact that the North America. A couple of species are still debarred weeks later the decision by the market. U.S. Federal Trade Commission. Once permission is given not to pursue its action against them to invest the market the BOC-Airco link is far as the really take off. The Supreme Court removed the have occasionally burnt remaining legal obstacles. Angere badly in the market timing has been liquid funds. They have group, which raises its own new important in the so-called point for the U.K.'s equity market, but has been able to market but this has most contemplate buying more Airco. (meted considerably by shares against the background the Treasury request of depressed Wall Street prices. authorities should U Even after jumping \$31 to \$33 their debt profile. At the last two days last week have been searching alternative for some firms yesterday the Airco share price last count building social remains under its 1977 peak of well over £2bn. out a \$341. BOC picked up its original authorities and the float 4m. shares—representing a market ideally offers that lack liquidity and theoretical stability—though this is to be tested. Apart from the non-payment of the building \$1.11 a share, but they were the present Stock Exchange still slightly higher for the first Commission structure in nine months and it looks as helping the market's though further purchases taking met. At the moment is BOC's stake to 51. per cent. pitched so that they have could slightly improve BOC's of not more than 45pc own earnings by around 1p a when dealings starting. Assuming BOC pays only means that commissio existing shares, the cost would discretionary. Beyond if they allow the balance to slip it may have to be prepared to change if the market develop its full potentia

Weather

UK TODAY BRIGHT INTERVALS in most of England. Otherwise, cloudy. London, Cent. S. and S.W. England, Midlands, Channel Is., S. Wales Mostly dry, sunny intervals. Wind fresh, Max. 6C (43F). S.E. and E. England, E. Anglia S.W. and S. Wales scattered wintry showers dying out later. Wind strong, Max. 5C (41F). N. Wales, N.W. and Cent. N. England, Lakes, I. of Man Sunny intervals, mainly dry becoming cloudy with occasional rain later, snow on hills. Wind fresh or strong, Max. 5C (41F). N.E. England, Borders, Edinburgh, Dundee, Aberdeen Bright intervals, isolated wintry showers dying out becoming cloudy with occasional rain, snow on hills. Wind strong. Max. 6C (41F). Outlook: Cloudy, occasional rain, perhaps sleet in some northern parts, will spread south. Cold.

BUSINESS CENTRES

Table with columns: City, Day, Mid-day, Temp. Rows include Amsterdam, Athens, Barcelona, Bern, Bonn, Buenos Aires, Cardiff, Chicago, Cologne, Copenhagen, Dublin, Edinburgh, Frankfurt, Geneva, Glasgow, Hamburg, Helsinki, Johannesburg, London, Lyons, Madrid, Manchester, Milan, Monaco, Moscow, New York, Oslo, Paris, Rome, Stockholm, Santiago, Singapore, Sydney, Taipei, Toronto, Vancouver, Warsaw, Zurich.

HOLIDAY RESORTS

Table with columns: City, Day, Mid-day, Temp. Rows include Alicante, Alghero, Biarritz, Blackpool, Bordeaux, Boulogne, Caen, Capri, Cannes, Corfu, Florence, Garmisch, Hvar, Innsbruck, Ischia, Jervis Bay, Llandudno, London, Lucerne, Mallorca, Marbella, Miami, Monte Carlo, Naples, Nice, Ostia, Palermo, Portofino, Riva, Rome, Salerno, San Remo, Taormina, Tenerife, Venice, Zandvoort.

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